

SENIOR CITIZENS' RIGHT TO WORK ACT OF 1995

DECEMBER 4, 1995.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means,
submitted the following

REPORT

[To accompany H.R. 2684]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2684) to amend title II of the Social Security Act to provide for increases in the amounts of allowable earnings under the social security earnings limit for individuals who have attained retirement age, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended be passed.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Senior Citizens’ Right to Work Act of 1995”.

SEC. 2. INCREASES IN MONTHLY EXEMPT AMOUNT FOR PURPOSES OF THE SOCIAL SECURITY EARNINGS LIMIT.

(a) INCREASE IN MONTHLY EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is amended to read as follows:

“(D) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(l)) before the close of the taxable year involved shall be—

“(i) for each month of any taxable year ending after 1995 and before 1997, \$1,166.66²/₃,

“(ii) for each month of any taxable year ending after 1996 and before 1998, \$1,250.00,

“(iii) for each month of any taxable year ending after 1997 and before 1999, \$1,333.33¹/₃,

“(iv) for each month of any taxable year ending after 1998 and before 2000, \$1,416.66²/₃,

“(v) for each month of any taxable year ending after 1999 and before 2001, \$1,500.00,

“(vi) for each month of any taxable year ending after 2000 and before 2002, \$2,083.33¹/₃, and

“(vii) for each month of any taxable year ending after 2001 and before 2003, \$2,500.00.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 203(f)(8)(B)(ii) of such Act (42 U.S.C. 403(f)(8)(B)(ii)) is amended—

(A) by striking “the taxable year ending after 1993 and before 1995” and inserting “the taxable year ending after 2001 and before 2003 (with respect to individuals described in subparagraph (D)) or the taxable year ending after 1993 and before 1995 (with respect to other individuals)”; and

(B) in subclause (II), by striking “for 1992” and inserting “for 2000 (with respect to individuals described in subparagraph (D)) or 1992 (with respect to other individuals)”.

(2) The second sentence of section 223(d)(4)(A) of such Act (42 U.S.C. 423(d)(4)(A)) is amended by striking “the exempt amount under section 203(f)(8) which is applicable to individuals described in subparagraph (D) thereof” and inserting the following: “an amount equal to the exempt amount which would be applicable under section 203(f)(8), to individuals described in subparagraph (D) thereof, if section 2 of the Senior Citizens’ Right to Work Act of 1995 had not been enacted”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years ending after 1995.

SEC. 3. ESTABLISHMENT OF DISABILITY INSURANCE CONTINUING DISABILITY REVIEW ADMINISTRATION REVOLVING ACCOUNT.

(a) CONTINUING DISABILITY REVIEW ADMINISTRATION REVOLVING ACCOUNT FOR TITLE II DISABILITY BENEFITS IN THE FEDERAL DISABILITY INSURANCE TRUST FUND.—

(1) IN GENERAL.—Section 201 of the Social Security Act (42 U.S.C. 401) is amended by adding at the end the following new subsection:

“(n)(1) There is hereby created in the Federal Disability Insurance Trust Fund a Continuing Disability Review Administration Revolving Account (hereinafter in this subsection referred to as the ‘Account’). The Account shall consist initially of \$300,000,000 (which is hereby transferred to the Account from amounts otherwise available in such Trust Fund) and shall also consist thereafter of such other amounts as may be transferred to it under this subsection. The balance in the Account shall be available solely for expenditures certified under paragraph (2).

“(2)(A) Before October 1 of each calendar year, the Chief Actuary of the Social Security Administration shall—

“(i) estimate the present value of savings to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund which will accrue for all years as a result of cessations of benefit payments resulting from continuing disability reviews carried out pursuant to the requirements of section 221(i) during the fiscal year ending on September 30 of such calendar year (increased or decreased as appropriate to account for deviations of estimates for prior fiscal years from the actual amounts for such fiscal years), and

“(ii) certify the amount of such estimate to the Managing Trustee.

“(B) Upon receipt of certification by the Chief Actuary under subparagraph (A), the Managing Trustee shall transfer to the Account from amounts otherwise in the Trust Fund an amount equal to the estimated savings so certified.

“(C) To the extent of available funds in the Account, upon certification by the Chief Actuary that such funds are currently required to meet expenditures necessary to provide for continuing disability reviews required under section 221(i), the Managing Trustee shall make available to the Commissioner of Social Security from the Account the amount so certified.

“(D) The expenditures referred to in subparagraph (C) shall include, but not be limited to, the cost of staffing, training, purchase of medical and other evidence, and processing related to appeals (including appeal hearings) and to overpayments and related indirect costs.

“(E) The Commissioner shall use funds made available pursuant to this paragraph solely for the purposes described in subparagraph (C).”.

(2) CONFORMING AMENDMENT.—Section 201(g)(1)(A) of such Act (42 U.S.C. 401(g)(1)(A)) is amended in the last sentence by inserting “(other than expenditures from available funds in the Continuing Disability Review Administration Revolving Account in the Federal Disability Insurance Trust Fund made pursuant to subsection (n))” after “is responsible” the first place it appears.

(3) ANNUAL REPORT.—Section 221(i)(3) of such Act (42 U.S.C. 421(i)(3)) is amended—

(A) by striking “and the number” and inserting “the number”;

(B) by striking the period at the end and inserting a comma; and

(C) by adding at the end the following: “and a final accounting of amounts transferred to the Continuing Disability Review Administration Revolving Account in the Federal Disability Insurance Trust Fund during the year, the amount made available from such Account during such year pursuant to certifications made by the Chief Actuary of the Social Security Administration under section 201(n)(2)(C), and expenditures made by the Commissioner of Social Security for the purposes described in section 201(n)(2)(C) during the year, including a comparison of the number of continuing disability reviews conducted during the year with the estimated number of continuing disability reviews upon which the estimate of such expenditures was made under section 201(n)(2)(A).”.

(b) EFFECTIVE DATE AND SUNSET.—

(1) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply for fiscal years beginning on or after October 1, 1995, and ending on or before September 30, 2002.

(2) SUNSET.—Effective October 1, 2002, the Continuing Disability Review Administration Revolving Account in the Federal Disability Insurance Trust Fund shall cease to exist, any balance in such Account shall revert to funds otherwise available in such Trust Fund, and sections 201 and 221 of the Social Security

Act shall read as if the amendments made by subsection (a) had not been enacted.

(c) OFFICE OF CHIEF ACTUARY IN THE SOCIAL SECURITY ADMINISTRATION.—

(1) IN GENERAL.—Section 702 of such Act (42 U.S.C. 902) is amended—

(A) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(B) by inserting after subsection (b) the following new subsection:

“Chief Actuary

“(c)(1) There shall be in the Administration a Chief Actuary, who shall be appointed by, and in direct line of authority to, the Commissioner. The Chief Actuary shall be appointed from individuals who have demonstrated, by their education and experience, superior expertise in the actuarial sciences. The Chief Actuary shall serve as the chief actuarial officer of the Administration, and shall exercise such duties as are appropriate for the office of the Chief Actuary and in accordance with professional standards of actuarial independence. The Chief Actuary may be removed only for cause.

“(2) The Chief Actuary shall be compensated at the highest rate of basic pay for the Senior Executive Service under section 5382(b) of title 5, United States Code.”.

(2) EFFECTIVE DATE OF SUBSECTION.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

SEC. 4. ENTITLEMENT OF STEPCHILDREN TO CHILD'S INSURANCE BENEFITS BASED ON ACTUAL DEPENDENCY ON STEPPARENT SUPPORT.

(a) REQUIREMENT OF ACTUAL DEPENDENCY FOR FUTURE ENTITLEMENTS.—

(1) IN GENERAL.—Section 202(d)(4) of the Social Security Act (42 U.S.C. 402(d)(4)) is amended by striking “was living with or”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to benefits of individuals who become entitled to such benefits for months after the third month following the month in which this Act is enacted.

(b) TERMINATION OF CHILD'S INSURANCE BENEFITS BASED ON WORK RECORD OF STEPPARENT UPON NATURAL PARENT'S DIVORCE FROM STEPPARENT.—

(1) IN GENERAL.—Section 202(d)(1) of the Social Security Act (42 U.S.C. 402(d)(1)) is amended—

(A) by striking “or” at the end of subparagraph (F);

(B) by striking the period at the end of subparagraph (G) and inserting “; or”; and

(C) by inserting after subparagraph (G) the following new subparagraph: “(H) if the benefits under this subsection are based on the wages and self-employment income of a stepparent who is subsequently divorced from such child's natural parent, the sixth month after the month in which the Commissioner of Social Security receives formal notification of such divorce.”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to notifications of divorces received by the Commissioner of Social Security on or after the date of the enactment of this Act.

SEC. 5. RECOMPUTATION OF BENEFITS AFTER NORMAL RETIREMENT AGE.

(a) IN GENERAL.—Section 215(f)(2)(D)(i) of the Social Security Act (42 U.S.C. 415(f)(2)(D)(i)) is amended to read as follows:

“(i) in the case of an individual who did not die in the year with respect to which the recomputation is made, for monthly benefits beginning with benefits for January of—

“(I) the second year following the year with respect to which the recomputation is made, in any such case in which the individual is entitled to old-age insurance benefits, the individual has attained retirement age (as defined in section 216(l)) as of the end of the year preceding the year with respect to which the recomputation is made, and the year with respect to which the recomputation is made would not be substituted in recomputation under this subsection for a benefit computation year in which no wages or self-employment income have been credited previously to such individual, or

“(II) the first year following the year with respect to which the recomputation is made, in any other such case; or”.

(b) CONFORMING AMENDMENTS.—

(1) Section 215(f)(7) of such Act (42 U.S.C. 415(f)(7)) is amended by inserting “, and as amended by section 5(b)(2) of the Senior Citizens' Right to Work Act of 1995,” after “This subsection as in effect in December 1978”.

(2) Subparagraph (A) of section 215(f)(2) of the Social Security Act as in effect in December 1978 and applied in certain cases under the provisions of such Act as in effect after December 1978 is amended—

(A) by striking “in the case of an individual who did not die” and all that follows and inserting “in the case of an individual who did not die in the year with respect to which the recomputation is made, for monthly benefits beginning with benefits for January of—”; and

(B) by adding at the end the following:

“(i) the second year following the year with respect to which the recomputation is made, in any such case in which the individual is entitled to old-age insurance benefits, the individual has attained age 65 as of the end of the year preceding the year with respect to which the recomputation is made, and the year with respect to which the recomputation is made would not be substituted in recomputation under this subsection for a benefit computation year in which no wages or self-employment income have been credited previously to such individual, or

“(ii) the first year following the year with respect to which the recomputation is made, in any other such case; or”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to recomputations of primary insurance amounts based on wages paid and self employment income derived after 1994 and with respect to benefits payable after December 31, 1995.

SEC. 6. ELIMINATION OF THE ROLE OF THE SOCIAL SECURITY ADMINISTRATION IN PROCESSING ATTORNEY FEES.

(a) ACTIONS BEFORE THE COMMISSIONER.—Section 206(a) of the Social Security Act (42 U.S.C. 406(a)) is amended—

(1) in paragraph (1), by striking the fourth and fifth sentences;

(2) by striking paragraphs (2), (3), and (4);

(3) by inserting after paragraph (1) the following new paragraph:

“(2)(A) No person, agent, or attorney may charge in excess of \$4,000 (or, if higher, the amount set pursuant to subparagraph (B)) for services performed in connection with any claim before the Commissioner under this title, or for services performed in connection with concurrent claims before the Commissioner under this title and title XVI.

“(B) The Commissioner may increase the dollar amount under subparagraph (A) whenever the Commissioner determines that such an increase is warranted. The Commissioner shall publish any such increased amount in the Federal Register.

“(C) Any agreement in violation of this paragraph shall be void.

“(D) Whenever the Commissioner makes a favorable determination in connection with any claim for benefits under this title by a claimant who is represented by a person, agent, or attorney, the Commissioner shall provide the claimant and such person, agent, or attorney a written notice of—

“(i) the determination,

“(ii) the dollar amount of any benefits payable to the claimant, and

“(iii) the maximum amount under paragraph (2) that may be charged for services performed in connection with such claim.”; and

(4) by redesignating paragraph (5) as paragraph (3).

(b) JUDICIAL PROCEEDINGS.—Section 206(b)(1) of such Act (42 U.S.C. 406(b)(1)) is amended—

(1) in the first sentence of subparagraph (A), by striking “representation,” and all that follows and inserting the following: “representation. In determining a reasonable fee, the court shall take into consideration the amount of the fee, if any, that such attorney, or any other person, agent, or attorney, may charge the claimant for services performed in connection with the claimant’s claim when it was pending before the Commissioner.”;

(2) in the second sentence of subparagraph (A), by striking “or certified for payment”;

(3) by striking subparagraph (B); and

(4) by striking “(b)(1)(A)” and inserting “(b)(1)”.

(c) CONFORMING AMENDMENTS.—

(1) Section 223(h)(3) of such Act (42 U.S.C. 423(h)(3)) is amended by striking all that follows “obtained” and inserting a period.

(2) Section 1127(a) of such Act (42 U.S.C. 1320a–6(a)) is amended by striking the last sentence.

(3) Section 1631(d)(2)(A) of such Act (42 U.S.C. 1383(d)(2)(A)) is amended—

(A) by striking “(other than paragraph (4) thereof)”; and

(B) by striking all that follows “title II” and inserting a period.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to—

(1) any claim for benefits under the old-age, survivors, and disability insurance program under title II of the Social Security Act, the supplemental security income program under title XVI of such Act, or the black lung program under part B of the Black Lung Benefits Act that is initially filed on or after the 60th day following the date of the enactment of this Act, and

(2) any claim for such benefits filed before such 60th day by a claimant who is first represented by any person, agent, or attorney in connection with such claim on or after such 60th day.

SEC. 7. DENIAL OF DISABILITY BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.

(a) AMENDMENTS RELATING TO TITLE II DISABILITY BENEFITS.—

(1) IN GENERAL.—Section 223(d)(2) of the Social Security Act (42 U.S.C. 423(d)(2)) is amended by adding at the end the following:

“(C) An individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner’s determination that the individual is disabled.”.

(2) REPRESENTATIVE PAYEE REQUIREMENTS.—

(A) Section 205(j)(1)(B) of such Act (42 U.S.C. 405(j)(1)(B)) is amended to read as follows:

“(B) In the case of an individual entitled to benefits based on disability, the payment of such benefits shall be made to a representative payee if the Commissioner of Social Security determines that such payment would serve the interest of the individual because the individual also has an alcoholism or drug addiction condition (as determined by the Commissioner) that prevents the individual from managing such benefits.”.

(B) Section 205(j)(2)(C)(v) of such Act (42 U.S.C. 405(j)(2)(C)(v)) is amended by striking “entitled to benefits” and all that follows through “under a disability” and inserting “described in paragraph (1)(B)”.

(C) Section 205(j)(2)(D)(ii)(II) of such Act (42 U.S.C. 405(j)(2)(D)(ii)(II)) is amended by striking all that follows “15 years, or” and inserting “described in paragraph (1)(B)”.

(D) Section 205(j)(4)(A)(i)(II) (42 U.S.C. 405(j)(4)(A)(i)(II)) is amended by striking “entitled to benefits” and all that follows through “under a disability” and inserting “described in paragraph (1)(B)”.

(3) TREATMENT REFERRALS FOR INDIVIDUALS WITH AN ALCOHOLISM OR DRUG ADDICTION CONDITION.—Section 222 of such Act (42 U.S.C. 422) is amended by adding at the end the following new subsection:

“Treatment Referrals for Individuals With an Alcoholism or Drug Addiction Condition

“(e) In the case of any individual whose benefits under this title are paid to a representative payee pursuant to section 205(j)(1)(B), the Commissioner of Social Security shall refer such individual to the appropriate State agency administering the State plan for substance abuse treatment services approved under subpart II of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x–21 et seq.).”.

(4) CONFORMING AMENDMENT.—Subsection (c) of section 225 of such Act (42 U.S.C. 425(c)) is repealed.

(5) EFFECTIVE DATES.—

(A) The amendments made by paragraphs (1) and (4) shall apply with respect to monthly insurance benefits under title II of the Social Security Act based on disability for months beginning after the date of the enactment of this Act, except that, in the case of individuals who are entitled to such benefits for the month in which this Act is enacted, such amendments shall apply only with respect to such benefits for months beginning on or after January 1, 1997.

(B) The amendments made by paragraphs (2) and (3) shall apply with respect to benefits for which applications are filed on or after the date of the enactment of this Act.

(C) If an individual who is entitled to monthly insurance benefits under title II of the Social Security Act based on disability for the month in which this Act is enacted and whose entitlement to such benefits would terminate by reason of the amendments made by this subsection reapplies for benefits under title II of such Act (as amended by this Act) based on disability within 120 days after the date of the enactment of this Act, the Commissioner of Social Security shall, not later than January 1, 1997, complete the enti-

tlement redetermination with respect to such individual pursuant to the procedures of such title.

(b) AMENDMENTS RELATING TO SSI BENEFITS.—

(1) IN GENERAL.—Section 1614(a)(3) of the Social Security Act (42 U.S.C. 1382c(a)(3)) is amended by adding at the end the following:

“(I) Notwithstanding subparagraph (A), an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner’s determination that the individual is disabled.”.

(2) REPRESENTATIVE PAYEE REQUIREMENTS.—

(A) Section 1631(a)(2)(A)(ii)(II) of such Act (42 U.S.C. 1383(a)(2)(A)(ii)(II)) is amended to read as follows:

“(II) In the case of an individual eligible for benefits under this title by reason of disability, the payment of such benefits shall be made to a representative payee if the Commissioner of Social Security determines that such payment would serve the interest of the individual because the individual also has an alcoholism or drug addiction condition (as determined by the Commissioner) that prevents the individual from managing such benefits.”.

(B) Section 1631(a)(2)(B)(vii) of such Act (42 U.S.C. 1383(a)(2)(B)(vii)) is amended by striking “eligible for benefits” and all that follows through “is disabled” and inserting “described in subparagraph (A)(ii)(II)”.

(C) Section 1631(a)(2)(B)(ix)(II) of such Act (42 U.S.C. 1383(a)(2)(B)(ix)(II)) is amended by striking all that follows “15 years, or” and inserting “described in subparagraph (A)(ii)(II)”.

(D) Section 1631(a)(2)(D)(i)(II) of such Act (42 U.S.C. 1383(a)(2)(D)(i)(II)) is amended by striking “eligible for benefits” and all that follows through “is disabled” and inserting “described in subparagraph (A)(ii)(II)”.

(3) TREATMENT SERVICES FOR INDIVIDUALS WITH A SUBSTANCE ABUSE CONDITION.—Title XVI of such Act (42 U.S.C. 1381 et seq.) is amended by adding at the end the following new section:

“TREATMENT SERVICES FOR INDIVIDUALS WITH A SUBSTANCE ABUSE CONDITION

“SEC. 1636. In the case of any individual whose benefits under this title are paid to a representative payee pursuant to section 1631(a)(2)(A)(ii)(II), the Commissioner of Social Security shall refer such individual to the appropriate State agency administering the State plan for substance abuse treatment services approved under subpart II of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x–21 et seq.).”.

(4) CONFORMING AMENDMENTS.—

(A) Section 1611(e) of such Act (42 U.S.C. 1382(e)) is amended by striking paragraph (3).

(B) Section 1634 of such Act (42 U.S.C. 1383c) is amended by striking subsection (e).

(5) EFFECTIVE DATES.—

(A) The amendments made by paragraphs (1) and (4) shall apply with respect to supplemental security income benefits under title XVI of the Social Security Act based on disability for months beginning after the date of the enactment of this Act, except that, in the case of individuals who are eligible for such benefits for the month in which this Act is enacted, such amendments shall apply only with respect to such benefits for months beginning on or after January 1, 1997.

(B) The amendments made by paragraphs (2) and (3) shall apply with respect to supplemental security income benefits under title XVI of the Social Security Act for which applications are filed on or after the date of the enactment of this Act.

(C) If an individual who is eligible for supplemental security income benefits under title XVI of the Social Security Act for the month in which this Act is enacted and whose eligibility for such benefits would terminate by reason of the amendments made by this subsection reapplies for supplemental security income benefits under title XVI of such Act (as amended by this Act) within 120 days after the date of the enactment of this Act, the Commissioner of Social Security shall, not later than January 1, 1997, complete the eligibility redetermination with respect to such individual pursuant to the procedures of such title.

(D) For purposes of this paragraph, the phrase “supplemental security income benefits under title XVI of the Social Security Act” includes supplementary payments pursuant to an agreement for Federal administration

under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

(c) CONFORMING AMENDMENT.—Section 201(c) of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 425 note) is repealed.

(d) SUPPLEMENTAL FUNDING FOR ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAMS.—

(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there are hereby appropriated to supplement State and Tribal programs funded under section 1933 of the Public Health Service Act (42 U.S.C. 300x-33), \$100,000,000 for each of the fiscal years 1997 and 1998.

(2) ADDITIONAL FUNDS.—Amounts appropriated under paragraph (1) shall be in addition to any funds otherwise appropriated for allotments under section 1933 of the Public Health Service Act (42 U.S.C. 300x-33) and shall be allocated pursuant to such section 1933.

(3) USE OF FUNDS.—A State or Tribal government receiving an allotment under this subsection shall consider as priorities, for purposes of expending funds allotted under this subsection, activities relating to the treatment of the abuse of alcohol and other drugs.

SEC. 8. REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION FROM SOCIAL SECURITY COVERAGE.

(a) IN GENERAL.—Notwithstanding section 1402(e)(4) of the Internal Revenue Code of 1986, any exemption which has been received under section 1402(e)(1) of such Code by a duly ordained, commissioned, or licensed minister of a church, a member of a religious order, or a Christian Science practitioner, and which is effective for the taxable year in which this Act is enacted, may be revoked by filing an application therefor (in such form and manner, and with such official, as may be prescribed in regulations made under chapter 2 of such Code), if such application is filed no later than the due date of the Federal income tax return (including any extension thereof) for the applicant's second taxable year beginning after December 31, 1995. Any such revocation shall be effective (for purposes of chapter 2 of the Internal Revenue Code of 1986 and title II of the Social Security Act), as specified in the application, either with respect to the applicant's first taxable year beginning after December 31, 1995, or with respect to the applicant's second taxable year beginning after such date, and for all succeeding taxable years; and the applicant for any such revocation may not thereafter again file application for an exemption under such section 1402(e)(1). If the application is filed after the due date of the applicant's Federal income tax return for a taxable year and is effective with respect to that taxable year, it shall include or be accompanied by payment in full of an amount equal to the total of the taxes that would have been imposed by section 1401 of the Internal Revenue Code of 1986 with respect to all of the applicant's income derived in that taxable year which would have constituted net earnings from self-employment for purposes of chapter 2 of such Code (notwithstanding section 1402(c)(4) or (c)(5) of such Code) except for the exemption under section 1402(e)(1) of such Code.

(b) EFFECTIVE DATE.—Subsection (a) shall apply with respect to service performed (to the extent specified in such subsection) in taxable years beginning after December 31, 1995, and with respect to monthly insurance benefits payable under title II of the Social Security Act on the basis of the wages and self-employment income of any individual for months in or after the calendar year in which such individual's application for revocation (as described in such subsection) is effective (and lump-sum death payments payable under such title on the basis of such wages and self-employment income in the case of deaths occurring in or after such calendar year).

SEC. 9. PILOT STUDY OF EFFICACY OF PROVIDING INDIVIDUALIZED INFORMATION TO RECIPIENTS OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS.

(a) IN GENERAL.—During a 2-year period beginning as soon as practicable in 1996, the Commissioner of Social Security shall conduct a pilot study of the efficacy of providing certain individualized information to recipients of monthly insurance benefits under section 202 of the Social Security Act, designed to promote better understanding of their contributions and benefits under the social security system. The study shall involve solely beneficiaries whose entitlement to such benefits first occurred in or after 1984 and who have remained entitled to such benefits for a continuous period of not less than 5 years. The number of such recipients involved in the study shall be of sufficient size to generate a statistically valid sample for purposes of the study, but shall not exceed 600,000 beneficiaries.

(b) ANNUALIZED STATEMENTS.—During the course of the study, the Commissioner shall provide to each of the beneficiaries involved in the study one annualized statement, setting forth the following information:

(1) an estimate of the aggregate wages and self-employment income earned by the individual on whose wages and self-employment income the benefit is based, as shown on the records of the Commissioner as of the end of the last calendar year ending prior to the beneficiary's first month of entitlement;

(2) an estimate of the aggregate of the employee and self-employment contributions, and the aggregate of the employer contributions (separately identified), made with respect to the wages and self-employment income on which the benefit is based, as shown on the records of the Commissioner as of the end of the calendar year preceding the beneficiary's first month of entitlement; and

(3) an estimate of the total amount paid as benefits under section 202 of the Social Security Act based on such wages and self-employment income, as shown on the records of the Commissioner as of the end of the last calendar year preceding the issuance of the statement for which complete information is available.

(b) **INCLUSION WITH MATTER OTHERWISE DISTRIBUTED TO BENEFICIARIES.**—The Commissioner shall ensure that reports provided pursuant to this subsection are, to the maximum extent practicable, included with other reports currently provided to beneficiaries on an annual basis.

(c) **REPORT TO THE CONGRESS.**—The Commissioner shall report to each House of the Congress regarding the results of the pilot study conducted pursuant to this section not later than 60 days after the completion of such study.

I. INTRODUCTION

A. PURPOSE AND SUMMARY

The “Senior Citizens’ Right To Work Act” would raise the earnings limit for seniors between the ages of 65 and 69 to \$30,000 by the year 2002. The legislation would preserve the long-term financial integrity of the Social Security Trust Funds and would offset the cost of the legislation by changes within the Social Security system. These changes would include: establishing a Disability Insurance Continuing Disability Review Administration Revolving Fund; basing entitlement of stepchildren to child’s benefits based on actual dependency on stepparent support; altering recomputations of benefits after normal retirement age; eliminating the role of the Social Security Administration (SSA) in processing attorney fees; eliminating benefits based on disability to drug addicts and alcoholics; and allowing members of the clergy to revoke their exemption from Social Security coverage. The legislation also provides for a two-year pilot study to test the efficacy of sending individualized benefit and contribution statements to Social Security recipients.

B. BACKGROUND AND NEED FOR LEGISLATION

Since the creation of the Social Security program in 1935, payment of benefits based on attainment of retirement age has been restricted by the so-called “retirement test”—a limit on the amount of earned income from wages or self employment which, if exceeded, causes loss of some or all benefits. However, there has never been a corresponding limit on so-called “unearned” income—income from sources including pensions, savings, and investments.

The earnings limit discourages older workers from remaining in the work force and sharing their experience, knowledge, and skills with younger workers. According to the Social Security Administration, 925,000 seniors between age 65 and 69 lose some or all of their benefits because of the current earnings limit.

In general, today’s retirees enjoy increased longevity and improved health, retiring younger with a projected longevity on aver-

age of 20 to 25 years. This trend is expected to continue. With the impending retirement of the baby boom generation comes the prospect of an aging society, and a slower-growing work force. Given these demographics, it is important to develop policies that tap one of society's most valued and underutilized resources: older workers. Older workers should be encouraged and enabled to remain productive for as long as they wish.

It is equally important to enable beneficiaries—particularly those with lower or middle income—to supplement Social Security with earned income from wages or self employment, just as others do with so-called “unearned” income from dividends and interest, and other investment-related income.

According to the American Association of Retired Persons, 10 percent of seniors depend totally on Social Security for income in retirement; one in four, for 90 percent of retirement income, and three out of five, for at least 50 percent of retirement income. Allowing seniors who work to keep more of what they earn is especially critical to this group, who, like all those age 65 to 69, are currently penalized with a loss of \$1 in benefits for every \$3 earned above the limit.

Finally, loss of Social Security benefits because of earnings above the current earnings limit, coupled with the tax on Social Security benefits imposed on individuals with incomes above \$25,000, or couples with incomes above \$32,000, can result in older workers realizing little or no additional income as a result of their labor.

C. LEGISLATIVE HISTORY

On January 9, 1995, the Subcommittee on Social Security held a public hearing on the “Contract With America” provision contained in H.R. 8, the “Senior Citizens’ Equity Act,” to raise the Social Security earnings limit to \$30,000. The Subcommittee received testimony in support of raising the earnings limit from senior advocates, economists, academics, business representatives, and senior citizens. According to testimony presented by SSA, 925,000 beneficiaries age 65 to 69 lose some or all of their benefits because of the effects of the earnings limit. The provision was subsequently incorporated into H.R. 1215, the “Tax Fairness and Deficit Reduction Act,” which was favorably reported by the Committee on Ways and Means and later passed the House of Representatives on April 5, 1995, by a vote of 246 to 188.

On November 28, 1995, the Subcommittee on Social Security ordered favorably reported to the Full Committee, as amended, draft legislation entitled the “Senior Citizens’ Right to Work Act of 1995,” by a voice vote, with a quorum present.

On November 30, 1995, the Full Committee ordered favorable reported, as amended, H.R. 2684 by a roll call vote of 31 yeas and 0 nays, with a quorum present.

During the Full Committee markup, five amendments were offered. The first, offered by Mr. Gibbons, would delete the provision on recomputation and would increase the earnings limit at a slightly less rapid rate than under the Subcommittee bill. This amendment failed by voice vote.

The second amendment offered by Mr. Payne, on behalf of Mrs. Kennelly, would retain current law link between senior citizens

and the blind for purposes of the Social Security earnings test through the year 2000. The amendment also includes a sense of the Congress resolution that Congress should retain the link beyond the year 2000. This amendment was defeated by a roll call vote of 13 yeas and 21 nays.

The third amendment, offered by Ms. Dunn, would require the Commissioner of Social Security to undertake a two-year pilot study on the efficacy of providing individualized information to recipients of monthly insurance benefits. This amendment passed by voice vote, as amended by Mr. Gibbons and Mr. Hancock to allow an individual to also be informed of the amount of their employer contributions.

The fourth amendment, offered by Mr. Kleczka, would strike the provision related to attorneys' fees. This amendment failed by a voice vote.

The fifth amendment, offered by Mr. Rangel, would strike the provision relating to denial of disability benefits to drug addicts and alcoholics. This amendment failed by voice vote.

II. EXPLANATION OF PROVISIONS

(SEC. 1) SHORT TITLE

The short title of the bill "Senior Citizens' Right to Work Act of 1995."

(SEC. 2) INCREASES IN THE SOCIAL SECURITY EARNINGS LIMIT

Present law

Senior citizens age 70 and older receive full Social Security benefits regardless of the amount of earnings they have from wages or self-employment. Those between the full retirement age (currently age 65) and age 70 receive full benefits only if their earnings are lower than an earnings limit amount determined by law. In 1995, the limit for those age 65 to 69 is \$11,280. The limit is indexed, increasing annually in proportion to the rate of average wage growth in the economy.

Year:	<i>Current law</i>
1996	\$11,520
1997	11,880
1998	12,240
1999	12,720
2000	13,200
2001	13,800
2002	14,400

Senior citizens between the age of full retirement (currently age 65) and 70 who earn more than the earnings limit lose \$1 in benefits for every \$3 in wages of self-employment income they earn over the limit.

Beneficiaries under age 65 who are entitled to receive disability benefits must have a severe disability or disabilities that prevent them from performing work at a substantial gainful level—so-called "substantial gainful activity" (SGA). For individuals under age 65 disabled by blindness, the 1995 SGA amount is currently linked to the monthly earnings limit exempt amount for those now age 65 to 69—\$940, and wage-indexed in the future. For individ-

uals with disabilities other than blindness, the monthly SGA amount is \$500, and is not indexed.

Explanation of provision

The proposal would gradually raise the earnings limit for those between full retirement age (currently age 65) and 70 to \$30,000 by the year 2002. The increase would be phased in over 7 years as follows:

Year:	Proposed earning limit
1996	\$14,000
1997	15,000
1998	16,000
1999	17,000
2000	18,000
2001	25,000
2002	30,000

Senior citizens between full retirement age (currently age 65) and 70 who earn over the given earnings limit for the year would continue to lose \$1 in benefits for every \$3 earned over the limit. After 2002, the annual exempt amounts would be indexed to growth in average wages.

The substantial gainful activity (SGA) amount applicable to individuals under 65 who are eligible for disability benefits on the basis of blindness would no longer be inked to the earnings limit amount for those now age 65 to 69. As under current law, the SGA amount for blind individuals would continue to be wage-indexed in the future.

Reason for change

According to SSA, 925,000 beneficiaries between age 65 and 69 lose some or all of their benefits as a result of the earnings limit. Given the combined effects of Federal, State and local income taxes, Social Security payroll taxes, income taxes on benefits, and the earnings limit, senior citizens who earn even moderate amounts over the limit may realize very little financial gain from their labor. These rates are a severe disincentive to work and penalize retirees who often need to work out of economic need. Raising the earnings limit also would ease the administrative burdens of the Social Security Administration, which spends over \$200 million a year to monitor and update the earnings limit. SSA estimates that 60 percent of all overpayments, and 45 percent of all underpayments, result from the earnings limit.

Effective date

The proposal would be effective beginning in 1996.

(SEC. 3) ESTABLISHMENT OF A DISABILITY INSURANCE CONTINUING
DISABILITY REVIEW ADMINISTRATION REVOLVING FUND

Present law

The administrative costs of conducting continuing disability reviews (CDRs) of Social Security disability beneficiaries are provided through an appropriation of trust fund monies, and are counted as discretionary spending subject to the domestic discretionary cap of the "Budget Enforcement Act."

Explanation of provision

A Social Security CDR administrative revolving fund account would be established in the Disability Insurance Trust Fund as a source of non-appropriated administrative funds to finance all disability CDRs. At the start of each fiscal year, the revolving fund account would be credited with an amount equal to the estimated present value of savings to the Disability Insurance and Medicare Trust Funds achieved as a result of CDRs of disability recipients conducted in the prior fiscal year. The amounts would be calculated by SSA's Chief Actuary, with adjustments made annually in subsequent years, except in the first year, when \$300 million would be credited to the account, based on the Congressional Budget Office estimate of savings that would result from FY 1995 CDRs. Amounts credited to the fund account would be available for all expenditures related to conducting CDRs by SSA and the State agencies.

Since this proposal requires an explicit annual certification by the Chief Actuary, the position of Chief Actuary in SSA, now provided for administratively, would be established by statute.

Reason for change

Limited administrative resources have prevented SSA from keeping up with CDRs. According to General Accounting Office (GAO), for every \$1 spent conducting CDRs, \$6 are saved in benefits that would otherwise be paid to individuals who are no longer disabled. GAO estimates that at least 200,000 individuals who are no longer disabled continue to receive disability benefits, at a cost of nearly \$2 billion in cash and Medicare benefits over the lifetime of the claims. The proposed revolving fund would be a source of non-appropriated administrative resources to finance CDRs, enabling SSA to perform this essential program-integrity work.

Effective date

The proposal is effective for CDRs conducted after FY 1995. The revolving fund account would expire after FY 2002.

(SEC. 4) ENTITLEMENT OF STEPCHILDREN TO CHILD'S BENEFITS BASED ON ACTUAL DEPENDENCY ON STEPPARENT SUPPORT

Present law

A child, including a stepchild, may become entitled to Social Security benefits as the child of a worker when the worker retires, becomes disabled, or dies. To do so, the child must be dependent upon the worker. Natural children are deemed dependent on their natural parents.

A stepchild is deemed dependent on the stepparent if he or she is living with or receiving one-half support from the stepparent. Benefits continue to be paid to the stepchild even if the child's natural parent and the stepparent divorce.

When stepchildren qualify for benefits, payment of those benefits reduces the amount available for payment to any other children entitled on the worker's record.

Explanation of provision

The proposal requires that in all cases benefits would be payable to a stepchild only if it is established that the stepchild is dependent upon the stepparent for at least one-half of his or her financial support. In addition, benefits to the stepchild would be terminated if the stepchild's natural parent and stepparent were divorced.

Reason for change

This change would result in the payment of benefits only to stepchildren who are truly dependent on the stepparent for their support, and only as long as the natural parent and stepparent are married. As a result other children entitled on the worker's record will not be unnecessarily disadvantaged by entitlement of stepchildren who have other means of support.

Effective date

The dependency requirement would be effective for stepchildren who become entitled or re-entitled to benefits three months after the month of enactment. In cases of a subsequent divorce, benefits to stepchildren would terminate 6 months after the notice of divorce occurring between natural parent and the stepparent (entitled worker) is received by SSA.

(SEC. 5) RECOMPUTATIONS OF BENEFITS AFTER NORMAL RETIREMENT
AGE

Present law

Social Security benefits are based on the average of an individual's "high" years of earnings. For workers born in 1929 or later, 35 "high" years of earnings are averaged. For those born before 1929, the number of "high" years averaged is proportionately fewer (for example, for those born in 1919, 25 "high" years are averaged).

If a retiree continues to work after entitlement to benefits, his or her monthly benefit may be increased if the new yearly earnings are greater than one of the years used in the initial determination of benefits. Currently, recomputations of benefits are effective in the year immediately following the year of the earnings. However, because of the lag between when wages are earned and when they are reported and recomputations are processed, most recomputations are actually paid in a lump-sum payment near the end of the year that they are effective. Subsequently, the adjustment is reflected in the new regular monthly benefit amount.

Explanation of provision

Recomputation of benefits resulting from earnings in the year after a worker reaches normal retirement age (currently age 65) and later would be reflected in the recipient's benefit check, effective with the January of the second year after the year of the earnings. An exception would be provided for recipients who have one or more "zero" years of earnings in their wage averaging computation. Earnings would continue to be credited as under current law for purposes of establishing entitlement.

Reason for change

Since earnings are not reported until well into the year following the year in which they are earned, there is no administrative lead time built into the process for SSA to adjust payments on a timely basis. The adjustments almost always have to be provided to beneficiaries through end-of-year lump-sum payments (and are sometimes delayed until the next year). As a result, the current recomputation process is labor intensive for SSA, and because most recipients do not expect these increases, many are confused by receipt of the lump-sum checks. Many of those affected by the delay in recomputation are among those likely to benefit from the proposed increases in the earnings limitation.

Under the proposal, SSA's ability to manage the recomputation process would be greatly enhanced by having ample lead time between the year of the earnings and the point at which they are reflected in benefit levels. The benefit check that the recipient relies on to meet regular monthly expenses would not be affected by delaying the recomputation.

Beneficiaries who lack earnings in one or more of the "high" years, and who are therefore most likely to have the lowest Social Security benefits, would receive retroactive recomputations and past-due benefits as under current law.

Effective date

The proposal would be effective for earnings beginning in 1995.

(SEC. 6) ELIMINATING THE ROLE OF THE SOCIAL SECURITY
ADMINISTRATION IN PROCESSING ATTORNEY FEES

Present law

The Social Security Administration (SSA) currently approves the fee that may be charged by an attorney or non-attorney to represent an applicant in administrative proceedings before SSA (most commonly, appeal of a denied claim for disability benefits). When an appeal is decided in the applicant's favor, SSA generally withholds the lesser of \$4,000 or 25 percent of past-due Social Security or black lung benefits for direct payment to the applicant's attorney, before forwarding the balance to the applicant.

Explanation of provision

SSA would no longer withhold past-due benefits and pay attorneys or representatives. Attorneys would be free to negotiate fees of up to \$4,000 with applicants in the same manner that fees for other legal services are negotiated. Present-law protection of beneficiaries through sanctions against attorneys who violate the established fee cap are preserved.

Reason for change

This proposal is one of the Administration's "Reinventing Government" Phase II initiatives. It is an unusual function for a Federal agency administering benefit payments to routinely intercede in the payment of fees between an attorney and his or her client. SSA's adjudication of attorney fees is a costly component of the appellate process and is not critical to SSA's mission, which is to de-

cide and make benefit payments. SSA currently spends over 400 “work years” annually to determine and withhold attorney fees. A substantial percentage of this work is done by SSA’s 1100 Administrative Law Judges and their staffs, which already have an enormous backlog of basic disability appeals to resolve.

Currently, 96 percent of all fees to attorneys are under \$4,000. 54 percent are under \$2,500. Limiting fees to \$4,000 will protect applicants from being charged excessive fees. The proposal will in no way affect an applicant’s ability to obtain representation. It will simply result in applicants contracting for Social Security representation as they do for any other legal service. According to SSA, 73 percent of applicants for Social Security benefits are represented at administrative hearings. 64 percent of all applicants for Supplemental Security Income (SSI) benefits are represented, even though attorney fees are not withheld from past-due benefits in SSI cases. The proposal will also speed payment to successful applicants, who may already have waited up to a year to even be scheduled for a hearing. Payments are currently delayed an average of 45 days because of the existing attorney fee approval and payment process.

Effective date

The proposal would be effective for claims filed 60 days or more after enactment.

(SEC. 7) DENIAL OF BENEFITS BASED ON DISABILITY TO DRUG ADDICTS
AND ALCOHOLICS

Present law

Individuals whose drug addiction or alcoholism is the contributing factor material to their disability (that is, they would not be considered disabled if they stopped using drugs or alcohol), are eligible to receive Social Security and Supplemental Security Income (SSI) disability cash benefits through a representative payee for up to three years. These recipients must participate in an approved treatment program when available and appropriate, and must allow their participation in a treatment program to be monitored. Benefits end after 36 months unless the individual is disabled for some reason other than substance abuse. Medicare continues beyond the 36-month period so long as the terminated individual continues to be disabled based on another severe disability.

Explanation of provision

An individual would not be considered disabled for purposes of entitlement to cash Social Security and SSI disability benefits if drug addiction or alcoholism is the contributing factor material to his or her disability. Individuals with drug addiction and/or alcoholism who have another severe disabling condition (such as AIDS, cancer, cirrhosis) can qualify for benefits based on that disabling condition.

If a person qualifying for benefits based on another disability is also determined to be an alcoholic or drug addict, a representative payee will be appointed to receive and manage the individual’s checks. In most cases, payment to a representative payee best serves the interest of the beneficiary because alcoholism or drug

addiction prevents the beneficiary from properly managing his or her own benefits.

Recipients who are unable to manage their own benefits as a result of alcoholism or drug addiction will be referred to the appropriate State agency for substance abuse treatment services approved under the Public Health Service Act Substance Abuse Prevention and Treatment Block Grant.

For each of two years beginning with FY 1997, \$100 million will be spent to fund additional drug (including alcohol) treatment programs and services to supplement State and Tribal programs funded under Section 1933 of the Public Health Service Act. The Subcommittee intends that States will use funds made available under this provision to provide treatment to current and former Social Security and SSI disability recipients on a priority basis.

Reason for change

Under current law, individuals whose sole severe disabling condition is drug addiction or alcoholism are eligible to receive monthly cash Social Security and SSI disability benefits and medical coverage (Medicare or Medicaid) if they are unable to work because of their addictions. The result is a perverse incentive that affronts working taxpayers and fails to serve the interests of addicts and alcoholics, many of whom use their disability checks to purchase drugs and alcohol, thereby maintaining their addictions.

The proposal would convert part of the savings to taxpayers into additional Federal funding to States for drug and alcohol treatment, providing an incentive for States to provide treatment to former recipients. The intent of this proposal is to eliminate payment of cash Social Security and SSI disability benefits to drug addicts and alcoholics, to ensure that beneficiaries with other severe disabilities who are also addicts or alcoholics are paid benefits through a representative payee and referred for treatment, and to provide additional funding to States to enable recipients to continue to be referred to treatment sources.

Effective date

Generally, changes apply to benefits for months beginning on or after the date of enactment. However, an individual entitled to benefits before the month of enactment would continue to be eligible for benefits until January 1, 1997. The Commissioner of Social Security must notify such individuals within three months of the date of enactment. Those who wish to reapply for benefits must do so within four months after the date of enactment in order to qualify for priority redetermination of eligibility. The Commissioners must make these determinations within one year after the date of enactment for individuals who reapply.

In addition, in the case of an individual with an alcoholism or drug addiction condition who is entitled to Social Security or SSI disability benefits on the date of enactment, the representative payee and referral to treatment requirement will apply on or after the first continuing disability review occurring after enactment.

(SEC. 8) REVOCATION BY MEMBERS OF THE CLERGY OF EXEMPTION
FROM SOCIAL SECURITY COVERAGE

Present law

Practicing members of the clergy are automatically covered by Social Security as self-employed workers unless they file for an exemption from Social Security coverage within a period ending with the due date of the tax return for the second taxable year (not necessarily consecutive) in which they begin performing their ministerial services. Members of the clergy seeking the exemption must file statements with their church, order, or licensing or ordaining body stating their opposition to the acceptance of Social Security benefit is on religious principles. If elected, this exemption is irrevocable.

Explanation of provision

The proposal would provide a two-year "open season," beginning January 1, 1996, for members of the clergy who want to revoke their exemption from Social Security. This decision to join Social Security would be irrevocable. A member of the clergy choosing such coverage would become subject to self employment taxes and his or her subsequent earnings would be credited for Social Security (and Medicare) benefit purposes.

Reason for change

Some members of the clergy elected not to participate in Social Security (and Medicare) early in their careers, before they fully understood the ramifications of doing so. Because the election is irrevocable, there is no way for them to gain access to the program under current law. Clergy typically have modest earnings throughout their working life times and would be among those most likely to rely on Social Security (and Medicare) for much of their basic health care and living expenses in retirement. This proposal gives them a limited opportunity to enroll in the system, similar to those provided by Congress in 1977 and 1986.

Effective date

The proposal would be effective January 1, 1996, for a period of two years.

(SEC. 9) PILOT STUDY OF EFFICACY OF PROVIDING INDIVIDUALIZED INFORMATION TO RECIPIENTS OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS

Present law

There is no provision in present law.

Explanation of provision

The proposal would require the Commissioner of Social Security to undertake a two-year pilot study on the efficacy of providing individualized information to recipients of monthly insurance benefits as a way of improving public understanding of contributions and benefits under the Social Security system. The number of recipients involved in the study would be enough to generate a statistically

valid sample, but would not exceed 600,000. The Commissioner would report the results of the pilot study to the Congress within 60 days of completion of the pilot.

Reason for change

Many Social Security recipients have little or no information on the amount of their and their employers' contributions into the system, or the amount of benefits they have received relative to those contributions. According to the Congressional Research Service, workers retiring in 1995 who had average lifetime earnings recover all of their contributions (plus interest) in 6.8 years—or in 13.6 years, when both employer and employee contributions are taken into account. Employee contributions based on average earnings would have totaled \$20,290 (\$52,648 with interest), matched by employer contributions of an equal amount.

The pilot study will enable SSA to test public reaction to this information, and determine its usefulness to the broad population of recipients.

Effective date

The proposal would be effective for a two-year pilot commencing as soon as practicable in 1996.

III. VOTES OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of rule IX of the Rules of the House of Representatives, the following statement is made concerning the votes of the Committee in its consideration of the bill:

Motion to report the bill

The bill, as amended, was ordered favorably reported on November 30, 1995, by a roll call vote of 31 yeas and 0 nays, with a quorum present. The vote was as follows:

Representatives	Yea	Nay	Present	Representatives	Yea	Nay	Present
Mr. Archer	X	.....	.....	Mr. Gibbons	X	.....	.....
Mr. Crane	X	.....	.....	Mr. Rangel	X	.....	.....
Mr. Thomas	X	.....	.....	Mr. Stark	X	.....	.....
Mr. Shaw	X	.....	.....	Mr. Jacobs	X	.....	.....
Mrs. Johnson .....	.....	.....	.....	Mr. Ford	X	.....	.....
Mr. Bunning	X	.....	.....	Mr. Matsui	X	.....	.....
Mr. Houghton .....	.....	.....	.....	Mrs. Kennelly .....	.....	.....	.....
Mr. Herger	X	.....	.....	Mr. Coyne	X	.....	.....
Mr. McCrery	X	.....	.....	Mr. Levin	X	.....	.....
Mr. Hancock	X	.....	.....	Mr. Cardin	X	.....	.....
Mr. Camp	X	.....	.....	Mr. McDermott .....	.....	.....	.....
Mr. Ramstad	X	.....	.....	Mr. Kleczka	X	.....	.....
Mr. Zimmer	X	.....	.....	Mr. Lewis	X	.....	.....
Mr. Nussel	X	.....	.....	Mr. Payne .....	.....	.....	.....
Mr. Johnson	X	.....	.....	Mr. Neal	X	.....	.....
Ms. Dunn	X	.....	.....		
Mr. Collins	X	.....	.....		
Mr. Portman	X	.....	.....		
Mr. Laughlin .....	.....	.....	.....	
Mr. English	X	.....	.....		
Mr. Ensign	X	.....	.....		
Mr. Christensen	X	.....	.....		

Votes on amendments

The Committee defeated an amendment (13 yeas and 21 nays) by Mr. Payne, on behalf of Mrs. Kennelly, to retain the current law link between senior citizens and the blind for the purpose of the Social Security earnings limit through the year 2000. The vote was as follows:

Representatives	Yea	Nay	Present	Representatives	Yea	Nay	Present
Mr. Archer		X	.....	Mr. Gibbons	X		.....
Mr. Crane		X	.....	Mr. Rangel	X		.....
Mr. Thomas		X	.....	Mr. Stark	X		.....
Mr. Shaw		X	.....	Mr. Jacobs	X		.....
Mrs. Johnson		X	.....	Mr. Ford	X		.....
Mr. Bunning		X	.....	Mr. Matsui	X		.....
Mr. Houghton		X	.....	Mrs. Kennelly .....			.....
Mr. Herger		X	.....	Mr. Coyne	X		.....
Mr. McCrery		X	.....	Mr. Levin	X		.....
Mr. Hancock		X	.....	Mr. Cardin	X		.....
Mr. Camp		X	.....	Mr. McDermott .....			.....
Mr. Ramstad		X	.....	Mr. Kleczka	X		.....
Mr. Zimmer		X	.....	Mr. Lewis	X		.....
Mr. Nussel		X	.....	Mr. Payne	X		.....
Mr. Johnson		X	.....	Mr. Neal	X		.....
Ms. Dunn		X	.....			
Mr. Collins		X	.....			
Mr. Portman		X	.....			
Mr. Laughlin				
Mr. English		X	.....			
Mr. Ensign		X	.....			
Mr. Christensen		X	.....			

IV. BUDGET EFFECTS OF THE BILL**A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS**

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made:

The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO) which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states the Committee bill results in net decreased budget authority for direct spending programs relative to current law, and no new or increased due tax expenditures. Revenues are increased to the revocation by members of the clergy of exemption from Social Security coverage.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 2(l)(3)(C) of rule XI of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by CBO is provided:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, December 4, 1995.

Hon. BILL ARCHER,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has prepared the enclosed cost estimate for H.R. 2684, the Senior Citizens' Right to Work Act of 1995, as ordered reported by the House Committee on Ways and Means on November 30, 1995.

The bill would affect direct spending and receipts and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Attachment.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2684.
2. Bill title: Senior Citizens' Right to Work Act of 1995.
3. Bill status: As ordered reported by the Committee on Ways and Means on November 30, 1995.
4. Bill purpose: The bill would increase the exempt earnings amount for Social Security beneficiaries aged 65–69 in stages to reach \$30,000 in 2002, delay for one year certain benefit recomputations for workers over age 65, eliminate Social Security and Supplemental Security Income benefits for certain substance abusers, eliminate Social Security benefits for certain stepchildren, create a revolving fund within the Disability Insurance Trust Fund from which continuing disability reviews (CDRs) would be funded, and alter the current practice for paying attorneys' fees.
5. Estimated cost to the Federal Government: The following table summarizes the on-budget and off-budget effects of the changes in revenues and direct spending attributable to this bill. Changes in authorizations of appropriations would be subject to actions in future appropriation bills. Table I (attached) provides detail on the off-budget costs and savings associated with individual provisions affecting Social Security benefit payments and revenues. The estimated impact on the Social Security scorecard tracked by the House of Representatives also is included. Table II (attached) details the total budgetary effects of H.R. 2684.

H.R. 2684 would provide ad hoc increases in the exempt earnings limit for Social Security recipients who have reached the normal retirement age until, by 2002, the exempt amount would be \$30,000. Additional Social Security benefit payments would total \$0.3 billion in 1996 and \$2.0 billion in 2002. The bill would reduce other Social Security benefit payments by \$0.1 billion in 1996 and by \$1.7 billion in 2002. In addition, the mandatory administrative costs of the additional CDRs would total \$4.7 billion over the seven-year period, and savings in other mandatory programs would amount to \$5.3 billion. Consequently, the bill is estimated to decrease the off-budg-

et surplus by about \$4.3 billion during the period while reducing the on-budget deficit by \$5.3 billion, for a net reduction of \$1.0 billion in the total deficit.

ESTIMATED BUDGETARY EFFECTS OF H.R. 2684, THE SENIOR CITIZENS' RIGHT TO WORK ACT OF 1995

[By fiscal years, in billions of dollars]

	1995	1996	1997	1998	1999	2000	2001	2002
Projected Spending Under Current Law:								
On-Budget Direct Spending:								
Supplemental Security Income	24.3	24.5	29.9	33.0	36.1	42.6	39.3	46.5
Medicare ¹	158.1	178.7	197.5	215.9	237.3	260.8	286.6	315.2
Medicaid	89.2	99.3	110.0	122.1	134.8	148.1	162.6	177.8
Family Support	18.2	18.5	19.0	19.5	20.1	20.8	21.5	22.2
Food stamps	26.2	26.9	28.6	30.2	31.7	33.4	35.0	36.6
Funding for substance abuse treatment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, On-Budget	316.1	348.0	385.0	420.6	460.1	505.7	545.0	598.3
Off-Budget Direct Spending:								
Old-Age and Survivors Insurance	293.4	309.3	322.9	338.8	355.3	372.8	390.7	409.5
Disability Insurance	40.3	43.8	47.7	51.9	56.2	60.8	65.6	70.6
Subtotal, Off-Budget	333.7	353.1	370.6	390.7	411.6	433.6	456.2	480.1
Total, Direct Spending	649.8	701.1	755.6	811.3	871.7	939.2	1001.2	1078.4
Proposed Changes:								
On-Budget Direct Spending:								
Supplemental Security Income	0.0	(²)	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5
Medicare ¹	0.0	(²)	-0.1	-0.2	-0.4	-0.5	-0.6	-0.8
Medicaid	0.0	(²)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Family Support	0.0	0.0	(²)	(²)	(²)	(²)	(²)	(²)
Food stamps	0.0	(²)	0.1	0.1	0.1	0.1	0.1	0.1
Funding for substance abuse treatment	0.0	0.0	(²)	0.1	0.1	(²)	0.0	0.0
Subtotal, On-Budget	0.0	(²)	-0.4	-0.6	-0.8	-1.0	-1.1	-1.4

ESTIMATED BUDGETARY EFFECTS OF H.R. 2684, THE SENIOR CITIZENS' RIGHT TO WORK ACT OF 1995—Continued

[By fiscal years, in billions of dollars]

	1995	1996	1997	1998	1999	2000	2001	2002
Off-Budget Direct Spending:								
Old-Age and Survivors Insurance	0.0	0.3	0.4	0.5	0.5	0.5	1.0	1.5
Disability Insurance	0.0	0.3	0.2	(²)	(²)	-0.1	-0.2	-0.3
Subtotal, Off-Budget	0.0	0.6	0.6	0.5	0.5	0.4	0.7	1.1
Total, Direct Spending	0.0	0.5	0.2	-0.1	-0.3	-0.6	-0.4	-0.2
Projected Spending Under H.R. 2684:								
On-Budget Direct Spending:								
Supplemental Security Income	24.3	24.5	29.6	32.6	35.6	42.1	38.8	46.0
Medicare ¹	158.1	178.7	197.4	215.7	237.0	260.3	285.9	314.4
Medicaid	89.2	99.3	109.9	122.0	134.7	148.0	162.5	177.7
Family Support	18.2	18.5	19.1	19.5	20.1	20.8	21.5	22.2
Food stamps	26.2	26.9	28.7	30.2	31.8	33.5	35.1	36.7
Funding for substance abuse treatment	0.0	0.0	(²)	0.1	0.1	(²)	0.0	0.0
Subtotal, On-Budget	316.1	348.0	384.7	420.1	459.3	504.7	543.8	596.9
Off-Budget Direct Spending:								
Old-Age and Survivors Insurance	293.4	309.6	323.3	339.3	355.8	373.2	391.6	411.0
Disability Insurance	40.3	44.1	47.9	51.9	56.3	60.7	65.3	70.3
Subtotal, Off-Budget	293.4	309.6	323.3	339.3	355.8	373.2	391.6	411.0
Total, Direct Spending	609.5	657.5	707.9	759.3	815.1	877.9	935.4	1007.9
Changes to Revenues:								
On-Budget	0.0	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Off-Budget	0.0	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Total, Revenues	0.0	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Deficit Effects:								
On-Budget	0.0	(²)	-0.4	-0.6	-0.8	-1.0	-1.1	-1.4

Off-Budget	0.0	0.6	0.6	0.5	0.2	-0.1	-0.3	0.3	0.7	1.1
Total, Deficit	0.0	0.5	0.2	-0.1	-0.3	-0.4	-0.2			

¹Hospital Insurance, Supplementary Medical Insurance, and premium receipts.

²Indicates less than \$50 million.

6. Basis of estimate: These estimates incorporate the economic and technical assumptions of CBO's March 1995 baseline and assume an enactment date of December 31, 1995.

Earnings Limit. H.R. 2684 would relax the current limitations on the receipt of Social Security benefits for those aged 65–69 with earnings above a certain level. Under current law, individuals entitled to Social Security cash benefits may have their benefits reduced, or withheld completely, if their earnings exceed a specified exempt amount. In 1995, the law provides that Social Security beneficiaries under age 65 may earn up to \$8,160 a year in wages or self-employment income without having their benefits affected. Those aged 65–69 can earn up to \$11,280. The earnings test currently reduces benefits for those under age 65 by \$1 for each \$2 of earnings above the exempt amount. Those aged 65–69 lose \$1 in benefits for each \$3 of earnings above the exempt amount. The test does not apply to recipients over age 69. (A different and more stringent earnings restriction applies to recipients of Disability Insurance (DI) benefits and would be unaffected by proposed changes in the earnings test.) The exempt amounts rise each year at the same rate as average wages in the economy.

The bill would affect beneficiaries who have reached the normal retirement age, currently 65. Under this bill, the annual exempt amount for beneficiaries aged 65–69 would be increased in stages during the 1996–2002 period to \$30,000 in 2002. The exempt amount would be increased automatically thereafter based on the increase in average wages. The *ad hoc* increases in the exempt amount under the proposal are compared in the following table with the exempt amounts that are estimated to occur under current law.

Calendar year	Current law	H.R. 2684
1995	\$11,280	\$11,280
1996	11,520	14,000
1997	11,880	15,000
1998	12,240	16,000
1999	12,720	17,000
2000	13,200	18,000
2001	13,800	25,000
2002	14,400	30,000

The legislation is estimated to increase benefit outlays by \$320 million in 1996 and by \$7.0 billion over the 1996–2002 period. According to the Social Security Administration (SSA), in 1996 an estimated 720,000 Social Security beneficiaries would receive additional benefits under the proposal. In 2002, when the proposal would be fully phased in, roughly 800,000 beneficiaries would be affected.

Although implementing the earnings test is costly from an administrative perspective—over \$200 million annually—the changes entailed in H.R. 2684 would have only a marginal impact on SSA's administrative costs. All of those still under the normal retirement age would continue to be treated the same as under current law, and the exempt level increases would still leave many older workers with some benefits withheld as a result of the earnings test. CBO estimates that SSA would save about \$5 million in adminis-

trative resources in 1996 and about \$95 million over the estimating period.

Raising the earnings test exempt amount could result in behavioral responses that lead to an increase in earnings of those 65 and over, although the response is likely to be relatively small. Any additional work effort would have no significant effect on total Social Security benefits over the projection period. This conclusion is based on three considerations. First, the earnings test is only one of many factors that determine work effort; other factors include the level of Social Security and private pension benefits that would be received, the employment of a spouse, the availability of suitable work, and the health of the worker. Second, empirical research that is available provides little support for the notion that older workers would increase their work effort significantly. Finally, more than half of all workers begin collecting benefits as soon as they become eligible at age 62, even though they will receive reduced benefits throughout their retirement.

Under H.R. 2684 the substantial gainful activity (SGA) amount applicable to the blind would, in the future, be wage-indexed from the present amount of \$940 per month in 1995 and would no longer be linked to the earnings test exempt amount for individuals who have reached the normal retirement age. This provision of H.R. 2684 yields the same SGA level for the blind that would prevail under current law and, hence, has no cost or saving.

Revolving Fund for Continuing Disability Review. Section 3 of the bill would establish a new account within the Federal Disability Insurance (DI) Trust Fund that would contain monies to be used only for the CDRs required under Section 221 (i) of the Social Security Act. These reviews are intended to ensure that persons who are no longer severely disabled would not continue to receive benefits. In 1996, the account would be initially funded at \$300 million. The fund would also receive annual payments based upon the estimates by SSA's Chief Actuary as to the present value of the DI savings and Medicare savings expected to accrue from the CDRs conducted in the previous fiscal year. The bill would terminate the revolving fund at the end of 2002.

CBO assumes that the ultimate termination rates for CDRs—after all appeals are exhausted—would be about 6 percent initially, but that the termination rate from subsequent reviews of the same disabled persons would fall to 4 percent. Because SSA already conducts some CDRs, not all of the reviews funded out of the revolving fund would be additional reviews. CBO assumes that, based on SSA's plan for CDRs over the next 5 years, the number of CDRs in 2002 would reach more than 500,000. The savings attributable to the new funding through the revolving fund would be only those accruing from the additional reviews made possible by the increased funding. In total, CBO expects that the number of reviews over the 1996–2002 period would rise from 2.7 million under current plans to 4.7 million under the proposal. The CBO estimates that the additional DI benefit savings during the seven-year period would amount to \$2.6 billion.

CBO assumes that the average cost of a CDR is about \$1,000. Although some reviews are inexpensive because that disabled beneficiary is screened out of the complete medical work-up, others may

cost several thousand dollars if the process results in numerous appeals. The additional administrative costs—which would now be considered direct spending—are estimated to be \$310 million in 1996 and \$4.7 billion over the 1996–2002 period. CDRs are nevertheless viewed as cost-effective by most analysts, because their initial cost is more than offset by a stream of benefit savings in later years.

In addition to the effects on Social Security outlays, CDR's would also generate savings in the SSI and Medicare programs. Some of the DI cases reviewed would also be concurrent cases with SSI benefits. Because the two programs rely on the same definition of disability, a person found to be no longer sufficiently disabled to receive DI benefits would also no longer receive SSI benefits. Moreover, the person would lose eligibility for Medicare benefits as well. The seven-year savings in SSI and would amount to \$68 million and in Medicare would total \$1.7 billion.

Entitlement to Benefits as Stepchildren. H.R. 2684 would introduce two new conditions for the receipt of Social Security benefits as a stepchild of a deceased, disabled, or retired worker. Under current law, stepchildren are eligible to receive Social Security benefits upon the death, disablement, or retirement of a stepparent if the child is less than 18 years old, or less than 19 years old and still in secondary school, and the stepparent either provided support for the child or was living with the child. The support test requires that the stepparent provide at least one-half of the income used to support the child. The child's entitlement to benefits continues even if the child's parents divorce. H.R. 2684 would require that a stepchild be eligible for benefits only if the stepparent provided for the support of the child, and that any stepchild's benefits would be terminated six months after the SSA was notified that the child's stepparent and natural parent has divorced.

Based on data from SSA and the Census Bureau, CBO estimates that about two percent of all awards of benefits to children would be affected by the new support test, resulting in benefit savings of about \$1.1 billion over the 1996–2002 period. The estimated number of affected children would be 16,000 in 1996, rising to about 60,000 a year by 2002.

The termination of benefits in cases where the parents divorce would affect children currently receiving benefits as well as some of those who would come on the rolls in the future. According to Census Bureau data, about 40 percent of remarriages end in divorce, and the average length of remarriages that end in divorce is 4 years. CBO estimated that about 23,000 stepchildren receiving Social Security could be affected in 1996. Because SSA does not automatically receive notifications of divorce, CBO reduced the potential number of affected children by one-half. The reduction was based on SSA information that it receives notifications of marriages in about 70 percent of cases and that, because children would lose benefits in these cases, the notification rate would be lower in the case of divorce. On average, the affected children are assumed to lose about \$225 per month in 1996, with the total savings amounting to \$490 million over the 1996–2002 period.

Delay Benefit Computations. Section 5 of the bill would reduce Social Security benefit payments by delaying for one year the re-

computation of benefits to certain beneficiaries with post-entitlement earnings. Savings are estimated to total \$910 million for the 1996–2002 period.

Under current law, if a retiree continues to work after entitlement to benefits, his or her monthly benefit may be increased if the new year's earnings are greater than one of the years used in the most recent determination of benefits. Recomputation of benefits are effective in the year immediately following the year of the earnings. This proposal would delay the recomputation of benefits for workers age 66 and over by making the increase in benefits effective in January of the second year after the year of earnings. An exception would be provided for recipients who have one or more zero years of earnings among their computation years. The proposal would be effective for earnings beginning in 1995.

The legislative is estimated to reduce outlays by \$10 million in fiscal year 1996 and by \$150 million in each year between 1997 and 2002. Savings in 1996 occur because a small number of workers with earnings in 1995 would, under current law, request on their own a benefit recomputation before the end of fiscal year 1996. Automatic recomputation performed by SSA usually occur after the end of the fiscal year. According to SSA, about 1.2 million primary beneficiaries or families annually would experience a delay in their benefit increase.

Eliminate Processing of Attorney's Fees. Under current law, SSA facilitates the payment of certain attorney's fees when a lawyer successfully represents a claimant in administrative proceedings. In the most common cases where a finding of disability is in question, SSA will withhold the lesser of \$4,000 or 25 percent of the past-due benefits to which the claimant becomes entitled. SSA will pay the attorney with that share of the past-due benefits and pay the remainder directly to the claimant. This process assures the attorney that he will be paid, thereby avoiding any potential shortage of legal aid to the disabled which might occur if the attorney's had to collect their payments directly from the claimant and face the possible failure of the claimant to pay the legal fees.

H.R. 2684 would eliminate the SSA's involvement with payment of attorney's fees, but would limit the maximum fee that could be charged a claimant to no more than \$4,000. Such a change would allow SSA to use about 400 work years that currently are spent reviewing attorney's fees on other priorities of the agency. In addition, it would speed up the payment of past-due benefits to claimants by an average of the six weeks it takes SSA to process the attorney's fees now. The speed-up of payments would increase benefits outlays by \$30 million in 1997, but only \$2 million to \$3 million annually after that. The administrative cost savings would total an estimated \$137 million over the 1996–2002 period.

Termination of Benefits for Alcoholics and Drug Addicts. H.R. 2684 would eliminate DI and SSI eligibility for persons with substance abuse problems if the person is found to be disabled because they are addicted. Those addicts whose eligibility for benefits does not hinge on their current substance abuse could continue to receive benefits.

For many years, SSA has been required to identify certain drug addicts and alcoholics (DA&As) in the SSI program, when sub-

stance abuse is a material factor contributing to SSA's finding of disability. As a result of Public Law 103-296, SSA is now also required to identify those Social Security recipients for whom substance abuse is a material factor contributing to the finding of disability. Special provisions apply to those recipients: they must comply with treatment if available, they must have representative payees, and (beginning in 1998) they may be terminated from the program if they have received more than 36 months of benefits.

CBO assumes that, under current law, the DA&A caseload in the SSI program would grow from about 160,000 in 1996 to 200,000 in 2002, and the comparable caseload in Social Security would climb from about 90,000 to 150,000 over the same timespan. Under the bill, awards to DA&As in each program would stop immediately, and those already receiving benefits would be removed from the rolls on January 1, 1997, unless they had another seriously disabling condition.

Estimating the number of DA&As who already have or will soon develop another disabling condition is a thorny issue. Most cases include indicators that these recipients also have other significant health problems in addition to their addiction. In order to be worth noting on the claimant's file, these secondary conditions must be quite severe—but not necessarily disabling in their own right. On the other hand, there is no requirement to record secondary conditions; some recipients for whom none was recorded undoubtedly had them. And the health of many DA&A recipients certainly deteriorates over time, with or without continued substance abuse. Thus, CBO assumes that only about one-quarter of DA&A recipients would be permanently terminated from the program; the rest could requalify by documenting that they have another sufficiently disabling condition.

The proposed restrictions are estimated to eliminate Social Security benefits for about 5,000 DA&As in 1996, and about 40,000 in 2002. Multiplying the number of recipients terminated times their average benefit yields savings of \$20 million in 1996 and \$1.9 billion during the 1996-2002 period. The proposed changes in SSI would result in an estimated 4,000 fewer recipients in 1996 and an annual caseload reduction of about 50,000 in years after 1998. The resulting SSI savings are \$19 million in 1996 and \$1.45 billion over the next seven years.

Besides saving on benefits, the Social Security Administration would also be freed from the requirement to maintain contracts with referral and monitoring agencies (RMAs) for its DA&A caseloads. Those agencies monitor addicts' and alcoholics' treatment status and often serve as representative payees. Savings are estimated at about \$200 million a year in 1998 through 2002 in SSI and nearly \$100 million in DI during those years. There are no savings in 1996, and combined savings of just \$144 million in 1997, because the bill would preserve RMA services through January 1, 1997 for current recipients. The bill would also plow an extra \$200 million over two years (1997 and 1998) into an existing block grant program to states for the treatment of substance abuse.

The legislation would also eliminate Medicare and Medicaid coverage for DA&As terminated from the Social Security and SSI programs. The estimated Medicare savings grow from \$43 million in

1997 to \$213 million in 2002. The comparable Medicaid savings amount to \$80 million in 1997 and \$136 million in 2002.

The termination of benefits for drug addicts and alcoholics would cause increased costs in other federal benefit programs. Because terminated beneficiaries would experience reductions in their case income, food stamp costs are estimated to increase slightly—by approximately \$50 million in 1997 and by nearly \$400 million over the 1996–2002 timespan. In addition, some individuals removed from SSI could qualify for benefits under the Aid to Families With Dependent Children (AFDC) program, increasing annual federal outlays in that program by \$5 million.

Social Security and Medicare Coverage For Certain Clergy. Under current law, ministers of a church generally are treated as self-employed individuals for the purpose of the Social Security payroll tax. However, ministers who are opposed to participating in the Social Security program on religious principles may elect to be permanently exempt from taxes under the Self-Employment Contributions Act (SECA) by filing with the Internal Revenue Service within two years of beginning their ministry. H.R. 2684 would offer clergy who have filed to be exempt from SECA an opportunity to revoke their exemptions.

H.R. 2684 would provide clergy who have previously opted out of Social Security coverage with a two-year window during which they could revoke their exemptions. In 1977 and 1986, the clergy were offered a similar opportunity to opt back in to Social Security. Based on that experience and trends in the number of clergy since 1986, CBO estimates that an additional 1,600 ministers would avail themselves of the opportunity to enroll in Social Security.

CBO estimates that those clergy who opt for Social Security would pay about \$2 million in Social Security taxes in 1996 and about \$5 million a year by 2002. Although the clergy would also have to pay Hospital Insurance taxes as well as Social Security, the CBO estimates that these additional revenues would be offset by the reduced income taxes owed by the ministers. (As self-employed individuals, they are allowed to take an income tax credit against a portion of their SECA payments.)

Social Security Benefits Statement Pilot Project. H.R. 2684 would require SSA to send to a limited number of old-age and survivor beneficiaries an estimate of the total benefits paid to the retiree and his or her dependents and survivors, as well as an estimate of the total employee and employer contributions made by the individual on whose income the benefits were based. The pilot project would last 2 years, and SAA would be required to report to the Congress within 60 days an analysis of the results of the pilot project. CBO estimates that the pilot project would incur discretionary costs of less than \$500,000 in 1996, \$2 million in 1997 and \$3 million in 1998.

7. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. Changes in Social Security outlays and revenues are exempt from pay-as-you-go procedures, but are constrained under separate limitations in each house of the Congress. The so-called “Social Security Scorecard” for the House of Rep-

representatives is displayed in the attached Table I. The pay-as-you-go effects of the bill are as follows:

[By fiscal years, in millions of dollars]

	1996	1997	1998
Change in Outlays	- 34	- 385	- 576
Change in Receipts	0	0	0

8. Estimated cost to state and local governments: H.R. 2684 would have both direct and indirect effects on the budgets of state and local governments, but precise estimates of the potential cost impacts are difficult to determine. Payments for the state's share of Medicaid and SSI supplements would be reduced however. The removal of certain recipients from Social Security, SSI, Medicare, and Medicaid through additional CDRs and the restrictions on drug addicts and alcoholics would likely increase the demand for general cash assistance and medical assistance provided in some states and localities. Some states may respond by redirecting some of their Medicaid and SSI savings to provide additional assistance through their own state programs. The state's share of the Medicaid savings from the bill is estimated to total about \$0.5 billion during the next seven years. The additional AFDC costs for the states would amount to \$25 million over the period. Although there would be additional savings to the States from the DA&A provisions, CBO can not estimate the SSI effects by states because it has no state data on the geographical distribution of the DA&As removed from the SSI program.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Wayne Boyington (Social Security Retirement and Survivors) and Kathy Ruffing (Social Security Disability, SSI, and related issues).

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

TABLE I: SOCIAL SECURITY BENEFIT AND REVENUE EFFECTS OF H.R. 2684
[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	5-year total	7-year total
DIRECT SPENDING									
Increase Earnings Limit:									
OASDI Benefit Outlays	320	650	790	850	910	1460	2030	3520	7010
CDR Revolving Fund:									
OASDI Benefit Outlays	-20	-90	-210	-360	-510	-650	-790	-1190	-2630
Modify Dependency Requirement for Stepchild Benefits:									
OASDI Benefit Outlays	-20	-100	-190	-250	-310	-350	-390	-870	-1610
Delay Benefit Computations One Year for Earnings after 65:									
OASDI Benefit Outlays	-10	-150	-150	-150	-150	-150	-150	-610	-910
Eliminate DI Benefits to Addicts and Alcoholics:									
OASDI Benefit Outlays	-20	-210	-280	-310	-340	-360	-380	-1160	-1900
Limit SSA Role in Adjudicating Attorney Fees:									
OASDI Benefit Outlays	(1)	30	2	2	3	3	3	37	43
Subtotal: Selected Mandatory Spending—Off-budget.									
OASDI Benefit Outlays	250	130	-38	-218	-397	-47	323	-273	3
REVENUES									
Election of OASDI by Members of Clergy:									
Off-budget Revenues	2	4	4	4	5	5	5	19	29
Memoranda									
Social Security Scorecard Balance as of November 29, 1995:									
Surplus (— Deficit)	117	98	203	189	0	(2)	(2)	607	(2)
New Social Security Scorecard Balance Assuming Enactment of H.R. 2684:									
Surplus (— Deficit)	-131	-28	245	411	402	(2)	(2)	899	(2)

¹ Less than \$1 million.

² Not applicable.

OASDI=Old-Age, Survivors, and Disability Insurance.

TABLE II: TOTAL BUDGETARY EFFECTS OF H.R. 2684
[In millions of dollars, by fiscal year]

	1996	1997	1998	1999	2000	2001	2002	5-year total	7-year total
DIRECT SPENDING									
Increase Earnings Limit:									
OASDI Benefit Outlays	320	650	790	850	910	1460	2030	3520	7010
CDR Revolving Fund:									
OASDI Benefit Outlays	-20	-90	-210	-360	-510	-650	-790	-1190	-2630
CDR Fund Outlays	310	460	590	780	830	850	920	2970	4740
Medicare	-10	-50	-120	-220	-330	-450	-560	-730	-1740
SSI	-1	-2	-5	-10	-15	-15	-20	-33	-68
Subtotal	279	318	255	190	-25	-265	-450	1017	302
Modify Dependency Requirement for Stepchild Benefits:									
OASDI Benefit Outlays	-20	-100	-190	-250	-310	-350	-390	-870	-1610
Delay Benefit Recalculations One Year for Earnings after 65:									
OASDI Benefit Outlays	-10	-150	-150	-150	-150	-150	-150	-610	-910
Eliminate SSI & DI Benefits to Addicts and Alcoholics ¹ :									
OASDI Benefit Outlays	-20	-210	-280	-310	-340	-360	-380	-1160	-1900
SSI Benefits	-19	-197	-215	-249	-260	-230	-280	-940	-1450
RMA Costs (SSI)	-	-114	-186	-166	-193	-214	-235	-659	-1108
RMA Costs (DI)	-	-30	-54	-65	-82	-88	-96	-231	-415
Medicaid	-8	-80	-89	-108	-117	-125	-136	-402	-663
Medicare	-	-43	-101	-140	-163	-185	-213	-447	-845
AFDC	(2)	5	5	5	5	5	5	20	30
Food Stamps	4	50	55	65	70	70	75	244	389
Treatment Funding .....	.....	46	80	54	20	.....	.....	200	200
Subtotal	-43	-573	-785	-914	-1060	-1127	-1260	-3375	-5762

V. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the need for this legislation was confirmed by the oversight hearings of the Subcommittee on Social Security. On January 9, 1995, the Subcommittee on Social Security held a public hearing on the "Contract With America" provision contained in H.R. 8, the "Senior Citizens' Equity Act," to raise the Social Security earnings limit to \$30,000.

B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE GOVERNMENT REFORM AND OVERSIGHT COMMITTEE

In compliance with clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee states that no oversight findings and recommendations have been submitted to this Committee by the Committee on Government Reform and Oversight with respect to the provisions contained in this bill.

C. INFLATIONARY IMPACT STATEMENT

In compliance with clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that the provisions of the bill are not expected to have any inflationary impact on the economy.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * *

TITLE II—FEDERAL OLD-AGE SURVIVORS AND DISABILITY INSURANCE BENEFITS

FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND FEDERAL DISABILITY INSURANCE TRUST FUND

SEC. 201. (a) * * *

* * * * *

(g)(1)(A) The Managing Trustee of the Trust Funds (which for purposes of this paragraph shall include also the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund established by title XVIII) is directed to pay from the Trust Funds into the Treasury—

(i) * * *

* * * * *

Such payments shall be carried into the Treasury as the net amount of repayments due the general fund account for reimbursement of expenses incurred in connection with the administration of titles II and XVIII of this Act and chapters 2 and 21 of the Internal Revenue Code of 1986. A final accounting of such payments for any fiscal year shall be made at the earliest practicable date after the close thereof. There are hereby authorized to be made available for expenditure, out of any or all of the Trust Funds, such amounts as the Congress may deem appropriate to pay the costs of the part of the administration of this title, title XVI, and title XVIII for which the Commissioner of Social Security is responsible (*other than expenditures from available funds in the Continuing Disability Review Administration Revolving Account in the Federal Disability Insurance Trust Fund made pursuant to subsection (n)*), the costs of title XVIII for which the Secretary of Health and Human Services is responsible, and the costs of carrying out the functions of the Social Security Administration, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1986 other than those referred to in clause (i) of the first sentence of this subparagraph.

* * * * *

(n)(1) *There is hereby created in the Federal Disability Insurance Trust Fund a Continuing Disability Review Administration Revolving Account (hereinafter in this subsection referred to as the "Account"). The Account shall consist initially of \$300,000,000 (which is hereby transferred to the Account from amounts otherwise available in such Trust Fund) and shall also consist thereafter of such other amounts as may be transferred to it under this subsection. The balance in the Account shall be available solely for expenditures certified under paragraph (2).*

(2)(A) *Before October 1 of each calendar year, the Chief Actuary of the Social Security Administration shall—*

(i) estimate the present value of savings to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund which will accrue for all years as a result of cessations of benefit payments resulting from continuing disability reviews carried out pursuant to the requirements of section 221(i) during the fiscal year ending on September 30 of such calendar year (increased or decreased as appropriate to account for deviations of estimates for prior fiscal years from the actual amounts for such fiscal years), and

(ii) certify the amount of such estimate to the Managing Trustee.

(B) *Upon receipt of certification by the Chief Actuary under subparagraph (A), the Managing Trustee shall transfer to the Account from amounts otherwise in the Trust Fund an amount equal to the estimated savings so certified.*

(C) *To the extent of available funds in the Account, upon certification by the Chief Actuary that such funds are currently required to meet expenditures necessary to provide for continuing disability reviews required under section 221(i), the Managing Trustee shall*

make available to the Commissioner of Social Security from the Account the amount so certified.

(D) The expenditures referred to in subparagraph (C) shall include, but not be limited to, the cost of staffing, training, purchase of medical and other evidence, and processing related to appeals (including appeal hearings) and to overpayments and related indirect costs.

(E) The Commissioner shall use funds made available pursuant to this paragraph solely for the purposes described in subparagraph (C).

OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

Old-Age Insurance Benefits

SEC. 202. (a) * * *

* * * * *

Child's Insurance Benefits

(d)(1) Every child (as defined in section 216(e)) of an individual entitled to old-age or disability insurance benefits, or of an individual who dies a fully or currently insured individual, if such child—

(A) * * *

* * * * *

(F) if such child was not under a disability (as so defined) at the time he attained the age of 18, the earlier of—

(i) the first month during no part of which he is a full-time elementary or secondary school student, or,

(ii) the month in which he attains the age of 19, but only if he was not under a disability (as so defined) in such earlier month; [or]

(G) if such child was under a disability (as so defined) at the time he attained the age of 18 or if he was not under a disability (as so defined) at such time but was under a disability (as so defined) at or prior to the time he attained (or would attain) the age of 22—

(i) the termination month, subject to section 223(e) (and for purposes of this subparagraph, the termination month for any individual shall be the third month following the month in which his disability ceases; except that, in the case of an individual who has a period of trial work which ends as determined by application of section 222(c)(4)(A), the termination month shall be the earlier of (I) the third month following the earliest month after the end of such period of trial work with respect to which such individual is determined to no longer be suffering from a disabling physical or mental impairment, or (II) the third month following the earliest month in which such individual engages or is determined able to engage in substantial gainful activity, but in no event earlier than the first month occurring after the 36 months following such period of trial work in which he engages or is determined able to engage in substantial gainful activity),
or (if later) the earlier of—

- (ii) the first month during no part of which he is a full-time elementary or secondary school student, or
- (iii) the month in which he attains the age of 19, but only if he was not under a disability (as so defined) in such earlier month,

Entitlement of any child to benefits under this subsection on the basis of the wages and self-employment income of an individual entitled to disability insurance benefits shall also end with the month before the first month for which such individual is not entitled to such benefits unless such individual is, for such later month, entitled to old-age insurance benefits or unless he dies in such month. No payment under this paragraph may be made to a child who would not meet the definition of disability in section 223(d) except for paragraph (1)(B) thereof for any month in which he engages in substantial gainful activity[.]; or

(H) if the benefits under this subsection are based on the wages and self-employment income of a stepparent who is subsequently divorced from such child's natural parent, the sixth month after the month in which the Commissioner of Social Security receives formal notification of such divorce.

* * * * *

- (4) A child shall be deemed dependent upon his stepfather or stepmother at the time specified in paragraph (1)(C) if, at such time, the child [was living with or] was receiving at least one-half of his support from such stepfather or stepmother.

* * * * *

REDUCTION OF INSURANCE BENEFITS

Maximum Benefits

SEC. 203. (a)(1) * * *

* * * * *

- (f) For purposes of subsection (b)—

(1) * * *

* * * * *

(8)(A) * * *

(B) Except as otherwise provided in subparagraph (D), the exempt amount which is applicable to individuals described in such subparagraph and the exempt amount which is applicable to other individuals, for each month of a particular taxable year, shall each be whichever of the following is the larger—

(i) the corresponding exempt amount which is in effect with respect to months in the taxable year in which the determination under subparagraph (A) is made, or

(ii) the product of the corresponding exempt amount which is in effect with respect to months in [the taxable year ending after 1993 and before 1995] *the taxable year ending after 2001 and before 2003 (with respect to individuals described in subparagraph (D)) or the taxable year ending after 1993 and before 1995 (with respect to other individuals), and the ratio of—*

(I) the national average wage index (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subparagraph (A) is made, to

(II) the national average wage index (as so defined) **for 1992** *for 2000 (with respect to individuals described in subparagraph (D)) or 1992 (with respect to other individuals),*

with such product, if not a multiple of \$10, being rounded to the next higher multiple of \$10 where such product is a multiple of but not of 10 and to the nearest multiple of \$10 in any other case. Whenever the Commissioner of Social Security determines that an exempt amount is to be increased in any year under this paragraph, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year of the estimated amount of such increase, indicating the new exempt amount, the actuarial estimates of the effect of the increase, and the actuarial assumptions and methodology used in preparing such estimates.

* * * * *

[(D) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(l)) before the close of the taxable year involved—

[(i) shall be \$333.33 $\frac{1}{3}$ for each month of any taxable year ending after 1977 and before 1979,

[(ii) shall be \$375 for each month of any taxable year ending after 1978 and before 1980,

[(iii) shall be \$416.66 $\frac{2}{3}$ for each month of any taxable year ending after 1979 and before 1981,

[(iv) shall be \$458.33 $\frac{1}{3}$ for each month of any taxable year ending after 1980 and before 1982, and

[(v) shall be \$500 for each month of any taxable year ending after 1981 and before 1983.]

(D) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(l)) before the close of the taxable year involved shall be—

(i) for each month of any taxable year ending after 1995 and before 1997, \$1,166.66 $\frac{2}{3}$,

(ii) for each month of any taxable year ending after 1996 and before 1998, \$1,250.00,

(iii) for each month of any taxable year ending after 1997 and before 1999, \$1,333.33 $\frac{1}{3}$,

(iv) for each month of any taxable year ending after 1998 and before 2000, \$1,416.66 $\frac{2}{3}$,

(v) for each month of any taxable year ending after 1999 and before 2001, \$1,500.00,

(vi) for each month of any taxable year ending after 2000 and before 2002, \$2,083.33 $\frac{1}{3}$, and

(vii) for each month of any taxable year ending after 2001 and before 2003, \$2,500.00.

* * * * *

EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

SEC. 205. (a) * * *

* * * * *

Representative Payees

(j)(1)(A) * * *

[(B) In the case of an individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is under a disability, certification of payment of such benefits to a representative payee shall be deemed to serve the interest of such individual under this title. In any case in which such certification is so deemed under this subparagraph to serve the interest of an individual, the Commissioner of Social Security shall include, in such individual's notification of entitlement, a notice that alcoholism or drug addiction is a contributing factor material to the Commissioner's determination of such individual's disability and that the Commissioner of Social Security is therefore required to make a certification of payment of such individual's benefits to a representative payee.]

(B) In the case of an individual entitled to benefits based on disability, the payment of such benefits shall be made to a representative payee if the Commissioner of Social Security determines that such payment would serve the interest of the individual because the individual also has an alcoholism or drug addiction condition (as determined by the Commissioner) that prevents the individual from managing such benefits.

(2)(A) * * *

* * * * *

(C)(i) * * *

* * * * *

(v) In the case of an individual [entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability] *described in paragraph (1)(B)*, when selecting such individual's representative payee, preference shall be given to—

(I) * * *

* * * * *

(D)(i) * * *

(ii)(I) Except as provided in subclause (11), any deferral or suspension of direct payment of a benefit pursuant to clause (i) shall be for a period of not more than 1 month.

(II) Subclause (I) shall not apply in any case in which the individual is, as of the date of the Commissioner's determination, legally incompetent, under the age of 15 years, or [(if alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is under a disability) is

eligible for benefits under this title by reason of disability.】 *described in paragraph (1)(B).*

* * * * *

(4)(A)(i) A qualified organization may collect from an individual a monthly fee for expenses (including overhead) incurred by such organization in providing services performed as such individual's representative payee pursuant to this subsection if such fee does not exceed the lesser of—

(I) 10 percent of the monthly benefit involved, or

(II) \$25.00 per month (\$50.00 per month in any case in which the individual is 【entitled to benefits based on disability and alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is under a disability】 *described in paragraph (1)(B).*

* * * * *

REPRESENTATION OF CLAIMANTS

SEC. 206. (a)(1) The Commissioner of Social Security may prescribe rules and regulations governing the recognition of agents or other persons, other than attorneys as hereinafter provided, representing claimants before the Commissioner of Social Security, and may require of such agents or other persons, before being recognized as representatives of claimants that they shall show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the highest court of the State, Territory, District, or insular possession of his residence or before the Supreme Court of the United States or the inferior Federal courts, shall be entitled to represent claimants before the Commissioner of Social Security. The Commissioner of Social Security may, after due notice and opportunity for hearing, suspend or prohibit from further practice before him any such person, agent, or attorney who refuses to comply with the Commissioners' rules and regulations or who violates any provision of this section for which a penalty is prescribed. 【The Commissioner of Social Security may, by rule and regulation, prescribe the maximum fees which may be charged for services performed in connection with any claim before the Commissioner of Social Security under this title, and any agreement in violation of such rules and regulations shall be void. Except as provided in paragraph (2)(A), whenever the Commissioner of Social Security, in any claim before him for benefits under this title, makes a determination favorable to the claimant, he shall, if the claimant was represented by an attorney in connection with such claim, fix (in accordance with the regulations prescribed pursuant to the preceding sentence) a reasonable fee to compensate such attorney for the services performed by him in connection with such claim.】

[(2)(A) In the case of a claim of entitlement to past-due benefits under this title, if—

[(i) an agreement between the claimant and another person regarding any fee to be recovered by such person to compensate such person for services with respect to the claim is presented in writing to the Commissioner of Social Security prior to the time of the Commissioner's determination regarding the claim,

[(ii) the fee specified in the agreement does not exceed the lesser of—

[(I) 25 percent of the total amount of such past-due benefits (as determined before any applicable reduction under section 1127(a)), or

[(II) \$4,000, and

[(iii) the determination is favorable to the claimant, then the Commissioner of Social Security shall approve that agreement at the time of the favorable determination, and (subject to paragraph (3)) the fee specified in the agreement shall be the maximum fee. The Commissioner of Social Security may from time to time increase the dollar amount under clause (ii)(II) to the extent that the rate of increase in such amount, as determined over the period since January 1, 1991, does not at any time exceed the rate of increase in primary insurance amounts under section 215(i) since such date. The Commissioner of Social Security shall publish any such increased amount in the Federal Register.

[(B) For purposes of this subsection, the term past-due benefits excludes any benefits with respect to which payment has been continued pursuant to subsection (g) or (h) of section 223.

[(C) In any case involving—

[(i) an agreement described in subparagraph (A) with any person relating to both a claim of entitlement to past-due benefits under this title and a claim of entitlement to past-due benefits under title XVI, and

[(ii) a favorable determination made by the Commissioner of Social Security with respect to both such claims, the Commissioner of Social Security may approve such agreement only if the total fee or fees specified in such agreement does not exceed, in the aggregate, the dollar amount in effect under subparagraph (A)(ii)(II).

[(D) In the case of a claim with respect to which the Commissioner of Social Security has approved an agreement pursuant to subparagraph (A), the Commissioner of Social Security 1 47 shall provide the claimant and the person representing the claimant a written notice of—

[(i) the dollar amount of the past-due benefits (as determined before any applicable reduction under section 1127(a)) and the dollar amount of the past-due benefits payable to the claimant,

[(ii) the dollar amount of the maximum fee which may be charged or recovered as determined under this paragraph, and

[(iii) a description of the procedures for review under paragraph (3).

[(3)(A) The Commissioner of Social Security shall provide by regulation for review of the amount which would otherwise be the

maximum fee as determined under paragraph (2) if, within 15 days after receipt of the notice provided pursuant to paragraph (2)(D)—

[(i) the claimant, or the administrative law judge or other adjudicator who made the favorable determination, submits a written request to the Commissioner of Social Security to reduce the maximum fee, or

[(ii) the person representing the claimant submits a written request to the Commissioner of Social Security to increase the maximum fee.

Any such review shall be conducted after providing the claimant, the person representing the claimant, and the adjudicator with reasonable notice of such request and an opportunity to submit written information in favor of or in opposition to such request. The adjudicator may request the Commissioner of Social Security to reduce the maximum fee only on the basis of evidence of the failure of the person representing the claimant to represent adequately the claimant's interest or on the basis of evidence that the fee is clearly excessive for services rendered.

[(B)(i) In the case of a request for review under subparagraph (A) by the claimant or by the person representing the claimant, such review shall be conducted by the administrative law judge who made the favorable determination or, if the Commissioner of Social Security determines that such administrative law judge is unavailable or if the determination was not made by an administrative law judge, such review shall be conducted by another person designated by the Commissioner of Social Security for such purpose.

[(ii) In the case of a request by the adjudicator for review under subparagraph (A), the review shall be conducted by the Commissioner of Social Security or by an administrative law judge or other person (other than such adjudicator) who is designated by the Commissioner of Social Security.

[(C) Upon completion of the review, the administrative law judge or other person conducting the review shall affirm or modify the amount which would otherwise be the maximum fee. Any such amount so affirmed or modified shall be considered the amount of the maximum fee which may be recovered under paragraph (2). The decision of the administrative law judge or other person conducting the review shall not be subject to further review.

[(4)(A) Subject to subparagraph (B), if the claimant is determined to be entitled to past-due benefits under this title and the person representing the claimant is an attorney, the Commissioner of Social Security shall, notwithstanding section 205(i), certify for payment out of such past-due benefits (as determined before any applicable reduction under section 1127(a)) to such attorney an amount equal to so much of the maximum fee as does not exceed 25 percent of such past-due benefits (as determined before any applicable reduction under section 1127(a)).

[(B) The Commissioner of Social Security shall not in any case certify any amount for payment to the attorney pursuant to this paragraph before the expiration of the 15-day period referred to in paragraph (3)(A) or, in the case of any review conducted under paragraph (3), before the completion of such review.]

(2)(A) *No person, agent, or attorney may charge in excess of \$4,000 (or, if higher, the amount set pursuant to subparagraph (B)) for services performed in connection with any claim before the Commissioner under this title, or for services performed in connection with concurrent claims before the Commissioner under this title and title XVI.*

(B) *The Commissioner may increase the dollar amount under subparagraph (A) whenever the Commissioner determines that such an increase is warranted. The Commissioner shall publish any such increased amount in the Federal Register.*

(C) *Any agreement in violation of this paragraph shall be void.*

(D) *Whenever the Commissioner makes a favorable determination in connection with any claim for benefits under this title by a claimant who is represented by a person, agent, or attorney, the Commissioner shall provide the claimant and such person, agent, or attorney a written notice of—*

(i) the determination,

(ii) the dollar amount of any benefits payable to the claimant,

and

(iii) the maximum amount under paragraph (2) that may be charged for services performed in connection with such claim.

[(5)] (3) Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this title by word, circular, letter or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee, or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the Commissioner of Social Security shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall for each offense be punished by a fine not exceeding \$500 or by imprisonment not exceeding one year, or both. The Commissioner of Social Security shall maintain in the electronic information retrieval system used by the Social Security Administration a current record, with respect to any claimant before the Commissioner of Social Security, of the identity of any person representing such claimant in accordance with this subsection.

(b)(1)[(A)] Whenever a court renders a judgment favorable to a claimant under this title who was represented before the court by an attorney, the court may determine and allow as part of its judgment a reasonable fee for such [representation, not in excess of 25 percent of the total of the past-due benefits to which the claimant is entitled by reason of such judgment, and the Commissioner of Social Security may, notwithstanding the provisions of section 205(i), certify the amount of such fee for payment to such attorney out of, and not in addition to, the amount of such past-due benefits.] *representation. In determining a reasonable fee, the court shall take into consideration the amount of the fee, if any, that such attorney, or any other person, agent, or attorney, may charge the claimant for services performed in connection with the claimant's claim when it was pending before the Commissioner. In case of any such judgment, no other fee may be payable [or certified for payment] for such representation except as provided in this paragraph.*

[(B) For purposes of this paragraph—

[(i) the term “past-due benefits” excludes any benefits with respect to which payment has been continued pursuant to subsection (g) or (h) of section 223, and

[(ii) amounts of past-due benefits shall be determined before any applicable reduction under section 1127(a).]

* * * * *

COMPUTATION OF PRIMARY INSURANCE AMOUNT

SEC. 215. For the purposes of this title—

Primary Insurance Amount

(a) * * *

* * * * *

Recomputation of Benefits

(f)(1) * * *

The following matter in 8 point type shows provisions of the Social Security Act as in effect in December 1978 and applied in certain cases under the provisions of such Act as in effect after December 1978.

(2) If an individual has wages or self-employment income for a year after 1965 for any part of which he is entitled to old-age insurance benefits, the Secretary shall, at such time or times and within such period as he may by regulations prescribe, recompute such individual's primary insurance amount with respect to each year. Such recomputation shall be made as provided in subsections (a) (1) (A) and (C) and (a) (3), as though the year with respect to which such recomputation is made is the last year of the period specified in subsection (b) (2) (C). A recomputation under this paragraph with respect to any year shall be effective—

(A) [in the case of an individual who did not die in such year, for monthly benefits beginning with benefits for January of the following year; or] *in the case of an individual who did not die in the year with respect to which the recomputation is made, for monthly benefits beginning with benefits for January of—*

(i) the second year following the year with respect to which the recomputation is made, in any such case in which the individual is entitled to old-age insurance benefits, the individual has attained age 65 as of the end of the year preceding the year with respect to which the recomputation is made, and the year with respect to which the recomputation is made would not be substituted in recomputation under this subsection for a benefit computation year in which no wages or self-employment income have been credited previously to such individual, or

(ii) the first year following the year with respect to which the recomputation is made, in any other such case; or

* * * * *

(D) A recomputation under this paragraph with respect to any year shall be effective—

[(i) in the case of an individual who did not die in that year, for monthly benefits beginning with benefits for January of the following year; or]

(i) in the case of an individual who did not die in the year with respect to which the recomputation is made, for monthly benefits beginning with benefits for January of—

(I) the second year following the year with respect to which the recomputation is made, in any such case in which the individual is entitled to old-age insurance benefits, the individual has attained retirement age (as defined

in section 216(l) as of the end of the year preceding the year with respect to which the recomputation is made, and the year with respect to which the recomputation is made would not be substituted in recomputation under this subsection for a benefit computation year in which no wages or self-employment income have been credited previously to such individual, or

- (II) the first year following the year with respect to which the recomputation is made, in any other such case; or*
- (ii) in the case of an individual who died in that year, for monthly benefits beginning with benefits for the month in which he died.

* * * * *

(7) This subsection as in effect in December 1978, and as amended by section 5(b)(2) of the Senior Citizens' Right to Work Act of 1995, shall continue to apply to the recomputation of a primary insurance amount computed under subsection (a) or (d) as in effect (without regard to the table in subsection (a)) in that month, and, where appropriate, under subsection (d) as in effect in December 1977, including a primary insurance amount computed under any such subsection whose operation is modified as a result of the amendments made by section 5117 of the Omnibus Budget Reconciliation Act of 1990. For purposes of recomputing a primary insurance amount determined under subsection (a) or (d) (as so in effect) in the case of an individual to whom those subsections apply by reason of subsection (a)(4)(B) as in effect after December 1978, no remuneration shall be taken into account for the year in which the individual initially became eligible for an old-age or disability insurance benefit or died, or for any year thereafter, and (effective January 1982) the recomputation shall be modified by the application of subsection (a)(6) where applicable.

* * * * *

DISABILITY DETERMINATIONS

SEC. 221. (a) * * *

* * * * *

(i)(1) * * *

* * * * *

(3) The Commissioner of Social Security shall report annually to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to the number of reviews of continuing disability carried out under paragraph (1), the number of such reviews which result in an initial termination of benefits, the number of requests for reconsideration of such initial termination or for a hearing with respect to such termination under subsection (d), or both, [and] the number of such initial terminations which are overturned as the result of a reconsideration or hearing[.], and a final accounting of amounts transferred to the Continuing Disability Review Administration Revolving Account in the Federal Disability Insurance Trust Fund during the year, the amount made available from such Account during such year pursuant to certifications made by the Chief Actuary

of the Social Security Administration under section 201(n)(2)(C), and expenditures made by the Commissioner of Social Security for the purposes described in section 201(n)(2)(C) during the year, including a comparison of the number of continuing disability reviews conducted during the year with the estimated number of continuing disability reviews upon which the estimate of such expenditures was made under section 201(n)(2)(A).

* * * * *

REHABILITATION SERVICES

Referral for Rehabilitation Services

SEC. 222. (a) * * *

* * * * *

Treatment Referrals for Individuals with an Alcoholism or Drug Addiction Condition

(e) In the case of any individual whose benefits under this title are paid to a representative payee pursuant to section 205(j)(1)(B), the Commissioner of Social Security shall refer such individual to the appropriate State agency administering the State plan for substance abuse treatment services approved under subpart II of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x-21 et seq.).

DISABILITY INSURANCE BENEFIT PAYMENTS

Disability Insurance Benefits

SEC. 223. (a) * * *

* * * * *

Definition of Disability

(d)(1) * * *

(2) For purposes of paragraph (1)(A)—

(A) * * *

* * * * *

(C) An individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.

* * * * *

(4)(A) The Commissioner of Social Security shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. No individual who is blind shall be regarded as having demonstrated an ability to engage in substantial gainful activity on the basis of earnings that do not exceed [the exempt amount under section 203(f)(8) which is applicable to individuals described in subparagraph (D) thereof] *an amount equal to the exempt amount which would be applicable*

under section 203(f)(8), to individuals described in subparagraph (D) thereof, if section 2 of the Senior Citizens' Right to Work Act of 1995 had not been enacted. Notwithstanding the provisions of paragraph (2), an individual whose services or earnings meet such criteria shall, except for purposes of section 222(c), be found not to be disabled. In determining whether an individual is able to engage in substantial gainful activity by reason of his earnings, where his disability is sufficiently severe to result in a functional limitation requiring assistance in order for him to work, there shall be excluded from such earnings an amount equal to the cost (to such individual) of any attendant care services, medical devices, equipment, prostheses, and similar items and services (not including routine drugs or routine medical services unless such drugs or services are necessary for the control of the disabling condition) which are necessary (as determined by the Commissioner of Social Security in regulations) for that purpose, whether or not such assistance is also needed to enable him to carry out his normal daily functions; except that the amount to be excluded shall be subject to such reasonable limits as the Commissioner of Social Security may prescribe.

* * * * *

Interim Benefits in Cases of Delayed Final Decisions

(h)(1) * * *

* * * * *

(3) Any benefits currently paid under this title pursuant to this subsection (for the months described in paragraph (1)) shall not be considered overpayments for any purpose of this title (unless payment of such benefits was fraudulently obtained)【, and such benefits shall not be treated as past-due benefits for purposes of section 206(b)(1)】.

* * * * *

ADDITIONAL RULES RELATING TO BENEFITS BASED ON DISABILITY

Suspension of Benefits

SEC. 225. (a) * * *

* * * * *

【Nonpayment or Termination of Benefits Where Entitlement Involves Alcoholism or Drug Addiction

【(c)(1)(A) In the case of any individual entitled to benefits based on disability, if alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that such individual is under a disability, such individual shall comply with the provisions of this subsection. In any case in which an individual is required to comply with the provisions of this subsection, the Commissioner of Social Security shall include, in such individual's notification of entitlement, a notice informing such individual of such requirement.

[(B) Notwithstanding any other provision of this title, if an individual who is required under subparagraph (A) to comply with the provisions of this subsection is determined by the Commissioner of Social Security not to be in compliance with the provisions of this subsection, such individual's benefits based on disability shall be suspended for a period—

[(i) commencing with the first month following the month in which such individual is notified by the Commissioner of Social Security of the determination of noncompliance and that the individual's benefits will be suspended, and

[(ii) ending with the month preceding the first month, after the determination of noncompliance, in which such individual demonstrates that he or she has reestablished and maintained compliance with such provisions for the applicable period specified in paragraph (3).

[(2)(A) An individual described in paragraph (1) is in compliance with the requirements of this subsection for a month if in such month—

[(i) such individual undergoes substance abuse treatment which is appropriate for such individual's condition diagnosed as alcoholism or drug addiction and for the stage of such individual's rehabilitation and which is conducted at an institution or facility approved for purposes of this subsection by the Commissioner of Social Security, and

[(ii) such individual complies in such month with the terms, conditions, and requirements of such treatment and with requirements imposed by the Commissioner of Social Security under paragraph (5).

[(B) An individual described in paragraph (1) may be determined as failing to comply with the requirements of this subsection for a month only if treatment meeting the requirements of subparagraph (A)(i) is available for that month, as determined pursuant to regulations of the Commissioner of Social Security.

[(3) The applicable period specified in this paragraph is—

[(A) 2 consecutive months, in the case of a first determination that an individual is not in compliance with the requirements of this subsection,

[(B) 3 consecutive months, in the case of the second such determination with respect to the individual, or

[(C) 6 consecutive months, in the case of the third or subsequent such determination with respect to the individual.

[(4) In any case in which an individual's benefit is suspended for a period of 12 consecutive months for failure to comply with treatment described in paragraph (2) of this subsection, the month following such period shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202 (as applicable), the termination month with respect to such entitlement.

[(5)(A) The Commissioner of Social Security shall provide for the monitoring and testing of individuals who are receiving benefits under this title and who as a condition of payment of such benefits are required to be undergoing treatment under paragraph (1) and complying with the terms, conditions, and requirements thereof as described in paragraph (2)(A), in order to assure such compliance.

[(B) The Commissioner of Social Security, in consultation with drug and alcohol treatment professionals, shall issue regulations—

[(i) defining appropriate treatment for alcoholics and drug addicts who are subject to appropriate substance abuse treatment required under this subsection, and

[(ii) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress expected to be achieved by participants in such programs. (C)(i) For purposes of carrying out the requirements of subparagraphs (A) and (B), the Commissioner of Social Security shall provide for the establishment of one or more referral and monitoring agencies for each State.

[(C) Each referral and monitoring agency for a State shall—

[(i) identify appropriate placements, for individuals residing in such State who are entitled to benefits based on disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that they are under a disability, where they may obtain treatment described in paragraph (2)(A),

[(ii) refer such individuals to such placements for such treatment, and

[(iii) monitor compliance with the requirements of paragraph (2)(A) by individuals who are referred by the agency to such placements and promptly report failures to comply to the Commissioner of Social Security.

[(D) There are authorized to be transferred from the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund such sums as are necessary to carry out the requirements of this paragraph for referral, monitoring, and testing.

[(6)(A) In the case of any individual who is entitled to a benefit based on disability for any month, if alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is under a disability, payment of any past-due monthly insurance benefits under this title to which such individual is entitled shall be made in any month only to the extent that the sum of—

[(i) the amount of such past-due benefit paid in such month, and

[(ii) the amount of any benefit for the preceding month under such current entitlement which is payable in such month, does not exceed, subject to subparagraph (B), twice the amount of such individual's benefit for the preceding month (determined without applying any reductions or deductions under this title).

[(B)(i) In the case of an individual who is no longer currently entitled to monthly insurance benefits under this title but to whom any amount of past-due benefits has not been paid, for purposes of subparagraph (A), such individual's monthly insurance benefit for such individual's last month of entitlement shall be treated as such individual's benefit for the preceding month.

[(ii) For the first month in which an individual's past-due benefits referred to in subparagraph (A) are paid, the amount of the limitation provided in subparagraph (A) shall be increased by the

amount of any debts of such individual related to housing which are outstanding as of the end of the preceding month and which are resulting in a high risk of homelessness for such individual.

[(C) Upon the death of an individual to whom payment of past-due benefits has been limited under subparagraph (A), any amount of such past-due benefits remaining unpaid shall be treated as an underpayment for purposes of section 204.

[(D) In the case of an individual who would be entitled to benefits based on disability but for termination of such benefits under paragraph (4) or (7), such individual shall be entitled to payment of past-due benefits under this paragraph as if such individual continued to be entitled to such terminated benefits.

[(7)(A) Subject to subparagraph (B), in the case of any individual entitled to benefits based on disability, if—

[(i) alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that such individual is under a disability, and

[(ii) as of the end of the 36-month period beginning with such individual's first month of entitlement, such individual would not otherwise be disabled but for alcoholism or drug addiction, the month following such 36-month period shall be deemed, for purposes of section 223(a)(1) or subsection (d)(1)(G)(I), (e)(1), or (f)(1) of section 202 (as applicable), the termination month with respect to such entitlement. Such individual whose entitlement is terminated under this paragraph may not be entitled to benefits based on disability for any month following such 36-month period if, in such following month, alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that such individual is under a disability.

[(B) In determining whether the 36-month period referred to in subparagraph (A) has elapsed—

[(i) a month shall not be taken into account unless the Commissioner of Social Security determines, under regulations of the Commissioner of Social Security, that treatment required under this subsection is available to the individual for the month, and

[(ii) any month for which a suspension is in effect for the individual under paragraph (1)(B) shall not be taken into account.

[(8) Monthly insurance benefits under this title which would be payable to any individual (other than the disabled individual to whom benefits are not payable by reason of this subsection) on the basis of the wages and self-employment income of such disabled individual but for the provisions of paragraph (1), (4), or (7) shall be payable as though such paragraph did not apply.

[(9) For purposes of this subsection, the term "benefit based on disability" of an individual means a disability insurance benefit of such individual under section 223 or a child's, widows, or widower's insurance benefit of such individual under section 202 based on the disability of such individual.]

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TITLE VII—ADMINISTRATION

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COMMISSIONER; DEPUTY COMMISSIONER; OTHER OFFICERS

Commissioner of Social Security

SEC. 702. (a) * * *

* * * * *

Chief Actuary

(c)(1) There shall be in the Administration a Chief Actuary, who shall be appointed by, and in direct line of authority to, the Commissioner. The Chief Actuary shall be appointed from individuals who have demonstrated, by their education and experience, superior expertise in the actuarial sciences. The Chief Actuary shall serve as the chief actuarial officer of the Administration, and shall exercise such duties as are appropriate for the office of the Chief Actuary and in accordance with professional standards of actuarial independence. The Chief Actuary may be removed only for cause.

(2) The Chief Actuary shall be compensated at the highest rate of basic pay for the Senior Executive Service under section 5382(b) of title 5, United States Code.

Chief Financial Officer

[(c)] *(d) There shall be in the Administration a Chief Financial Officer appointed by the Commissioner in accordance with section 901(a)(2) of title 31, United States Code.*

Inspector General

[(d)] *(e) There shall be in the Administration an Inspector General appointed by the President, by and with the advice and consent of the Senate, in accordance with section 3(a) of the Inspector General Act of 1978.*

* * * * *

TITLE XI—GENERAL PROVISIONS AND PEER REVIEW

PART A—GENERAL PROVISIONS

* * * * *

ADJUSTMENTS IN SSI BENEFITS ON ACCOUNT OF RETROACTIVE BENEFITS UNDER TITLE II

SEC. 1127. (a) Notwithstanding any other provision of this Act, in any case where an individual—

(1) is entitled to benefits under title II that were not paid in the months in which they were regularly due; and

(2) is an individual or eligible spouse eligible for supplemental security income benefits for one or more months in which the benefits referred to in clause (1) were regularly due, then any benefits under title II that were regularly due in such month or months, or supplemental security income benefits for

such month or months, which are due but have not been paid to such individual or eligible spouse shall be reduced by an amount equal to so much of the supplemental security income benefits, whether or not paid retroactively, as would not have been paid or would not be paid with respect to such individual or spouse if he had received such benefits under title II in the month or months in which they were regularly due. [A benefit under title II shall not be reduced pursuant to the preceding sentence to the extent that any amount of such benefit would not otherwise be available for payment in full of the maximum fee which may be recovered from such benefit by an attorney pursuant to subsection (a)(4) or (b) of section 206.]

* * * * *

TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

PART A—DETERMINATION OF BENEFITS

ELIGIBILITY FOR AND AMOUNT OF BENEFITS

Definition of Eligible Individual

SEC. 1611. (a) * * *

* * * * *

(e)(1) * * *

* * * * *

[(3)(A)(i)(I) In the case of any individual eligible for benefits under this title solely by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, the individual shall comply with the provisions of this subparagraph. In any case in which an individual is required to comply with the provisions of this subparagraph, the Secretary shall include in the individual's notification of such eligibility a notice informing the individual of such requirement.

[(II) Notwithstanding any other provision of this title, if an individual who is required under subclause (I) to comply with the requirements of this subparagraph is determined by the Secretary not to be in compliance with the provisions of this subparagraph, the individual's benefits under this title by reason of disability shall be suspended for a period—

[(aa) commencing with the first month following the month in which the individual is notified by the Secretary of the determination of noncompliance and that the individual's benefits will be suspended; and

[(bb) ending with the month preceding the first month, after the determination of noncompliance, in which the individual demonstrates that he or she has reestablished and maintained compliance with such provisions for the applicable period specified in clause (iii).

[(ii)(I) An individual described in clause (i) is in compliance with the requirements of this subparagraph for a month if in such month—

[(aa) the individual undergoes substance abuse treatment, which is appropriate for the individual's condition diagnosed as alcoholism or drug addiction and for the stage of the individual's rehabilitation and which is conducted at an institution or facility approved for purposes of this subparagraph by the Secretary; and

[(bb) the individual complies in such month with the terms, conditions, and requirements of the treatment and with requirements imposed by the Secretary under this paragraph.

[(II) An individual described in clause (i) may be determined as failing to comply with the requirements of this subparagraph for a month only if treatment meeting the requirements of subclause (I)(aa) is available for the month, as determined pursuant to regulations of the Secretary.

[(iii) The applicable period specified in this clause is—

[(I) 2 consecutive months, in the case of a 1st determination that an individual is not in compliance with the requirements of this subparagraph;

[(II) 3 consecutive months, in the case of the 2nd such determination with respect to the individual; or

[(III) 6 consecutive months, in the case of the 3rd or subsequent such determination with respect to the individual.

[(iv) An individual who is not in compliance with this paragraph for 12 consecutive months shall not be eligible for supplemental security income benefits under this title. The preceding sentence shall not be construed to prevent the individual from reapplying and becoming eligible for such benefits.

[(v)(I) In the case of any individual eligible for benefits under this title by reason of disability, if—

[(aa) alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled; and

[(bb) as of the end of the 36-month period beginning with the 1st month for which such benefits by reason of disability are payable to the individual, the individual would not otherwise be disabled but for alcoholism or drug addiction,

the individual shall not be eligible for such benefits by reason of disability for any month following such 36-month period if, in such following month, alcoholism or drug addiction would be a contributing factor material to the Secretary's determination that the individual is disabled, notwithstanding section 1619(a).

[(II) An individual whose entitlement to benefits under title II based on disability has been terminated by reason of section 225(c)(7) shall not be eligible for benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, for any month after the individual's termination month (within the meaning of section 223(a)(1) or subsection (d)(1)(G)(i), (e)(1), or (f)(1) of section 202, as applicable) with respect to such benefits.

[(III) Any month for which a suspension is in effect for the individual under clause (i)(II) shall not be taken into account in determining whether any 36-month period referred to in this clause has elapsed.

[(vi)(I) In the case of any individual who is eligible for benefits under this title for any month solely by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled, payment of any benefits under this title the payment of which is past due shall be made in any month only to the extent that the sum of—

[(aa) the amount of the past-due benefit paid in the month; and

[(bb) the amount of any benefit under this title which is payable to the individual for the month, does not exceed twice the maximum benefit payable under this title to an eligible individual for the preceding month.

[(II) For the first month in which an individual's past-due benefits referred to in subclause (I) are paid, the amount of the limitation provided in subclause (I) shall be increased by the amount of any debts of the individual related to housing which are outstanding as of the end of the preceding month and which are resulting in a high risk of homelessness for the individual.

[(III) Upon the death of an individual to whom payment of past-due benefits has been limited under subclause (I), any amount of such past-due benefits remaining unpaid shall be treated as an underpayment for purposes of section 1631(b)(1)(A).

[(IV) As used in this clause, the term "benefits under this title" includes supplementary payments pursuant to an agreement for Federal administration under section 1616(a), and payments pursuant to an agreement entered into under section 212(b) of Public Law 93-66.

[(V) In the case of an individual who would be eligible for benefits under this title by reason of disability but for termination of such benefits under clause (iv) or (v), the individual shall be eligible for payment of past-due benefits under this clause as if the individual continued to be eligible for such terminated benefits.

[(VI) Subclause (I) shall not apply to payments under section 1631(g).

[(B)(i) The Commissioner of Social Security shall provide for the monitoring and testing of all individuals who are receiving benefits under this title and who as a condition of such benefits are required to be undergoing treatment and complying with the terms, conditions, and requirements thereof as described in subparagraph (A), in order to assure such compliance and to determine the extent to which the imposition of such requirement is contributing to the achievement of the purposes of this title.

[(ii) The Secretary, in consultation with drug and alcohol treatment professionals, shall issue regulations—

[(I) defining appropriate treatment for alcoholics and drug addicts who are subject to required appropriate substance abuse treatment under this subparagraph; and

[(II) establishing guidelines to be used to review and evaluate their compliance, including measures of the progress expected to be achieved by participants in such programs.

[(iii)(I) For purposes of carrying out the requirements of clauses (i) and (ii), the Secretary shall provide for the establishment of 1 or more referral and monitoring agencies for each State.

[(II) Each referral and monitoring agency for a State shall—

[(aa) identify appropriate placements, for individuals residing in the State who are eligible for benefits under this title by reason of disability and with respect to whom alcoholism or drug addiction is a contributing factor material to the Secretary's determination that they are disabled, where they may obtain treatment described in subparagraph (A)(ii)(I);

[(bb) refer such individuals to such placements for such treatment; and

[(cc) monitor compliance with the requirements of subparagraph (A) by individuals who are referred by the agency to such placements, and promptly report to the Secretary any failure to comply with such requirements.]]

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MEANING OF TERMS

Aged, Blind, or Disabled Individual

SEC. 1614. (a)(1) * * *

* * * * *

(3)(A) * * *

* * * * *

(I) Notwithstanding subparagraph (A), an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled.

* * * * *

PART B—PROCEDURAL AND GENERAL PROVISIONS

PAYMENTS AND PROCEDURES

Payment of Benefits

SEC. 1631. (a)(1) * * *

(2)(A)(i) Payments of the benefit of any individual may be made to any such individual or to the eligible spouse (if any) of such individual or partly to each.

(ii)(I) * * *

[(II) In the case of an individual eligible for benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is disabled, the payment of such benefits to a representative payee shall be deemed to serve the interest of the individual under this title. In any case in which such payment is so deemed under this subclause to serve the interest of an individual, the Commissioner of Social Security shall include, in the individual's notification of such eligibility, a notice that alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is disabled and that the Commissioner of Social Security is therefore required to pay the individual's benefits to a representative payee.]]

(II) *In the case of an individual eligible for benefits under this title by reason of disability, the payment of such benefits shall be made to a representative payee if the Commissioner of Social Security determines that such payment would serve the interest of the individual because the individual also has an alcoholism or drug addiction condition (as determined by the Commissioner) that prevents the individual from managing such benefits.*

* * * *

(B)(i) * * *

* * * *

(vii) In the case of an individual [eligible for benefits under this title by reason of disability, if alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is disabled] *described in subparagraph (A)(ii)(II)*, when selecting such individual's representative payee, preference shall be given to—

(I) * * *

* * * *

(ix)(I) Except as provided in subclause (II), any deferral or suspension of direct payment of a benefit pursuant to clause (viii) shall be for a period of not more than 1 month.

(II) Subclause (I) shall not apply in any case in which the individual or eligible spouse is, as of the date of the Commissioner's determination, legally incompetent, under the age of 15 years, or [(if alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that the individual is disabled) is eligible for benefits under this title by reason of disability.] *described in subparagraph (A)(ii)(II)*.

* * * *

(D)(i) A qualified organization may collect from an individual a monthly fee for expenses (including overhead) incurred by such organization in providing services performed as such individual's representative payee pursuant to subparagraph (A)(ii) if the fee does not exceed the lesser of—

(I) 10 percent of the monthly benefit involved, or

(II) \$25.00 per month (\$50.00 per month in any case in which an individual is [eligible for benefits under this title by reason of disability and alcoholism or drug addiction is a contributing factor material to the Secretary's determination that the individual is disabled] *described in subparagraph (A)(ii)(II)*).

The Secretary shall adjust annually (after 1995) each dollar amount set forth in subclause (II) of this clause under procedures providing for adjustments in the same manner and to the same extent as adjustments are provided for under the procedures used to adjust benefit amounts under section 215(i)(2)(A), except that any amount so adjusted that is not a multiple of \$1.00 shall be rounded to the nearest multiple of \$1.00. Any agreement providing for a fee in excess of the amount permitted under this clause shall be void and shall be treated as misuse by the organization of such individual's benefits.

Procedures; Prohibitions of Assignments; Representation of
Claimants

(d)(1) The provisions of section 207 and subsections (a), (d), and (e) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

(2)(A) The provisions of section 206(a) [(other than paragraph (4) thereof)] shall apply to this part to the same extent as they apply in the case of title II[, except that paragraph (2) thereof shall be applied—

[(i) by substituting, in subparagraphs (A)(ii)(I) and (C)(i), the phrase “(as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a))” for the parenthetical phrase contained therein; and

[(ii) by substituting “section 1631(a)(7)(A) or the requirements of due process of law” for “subsection (g) or (h) of section 223”].

* * * * *

DETERMINATIONS OF MEDICAID ELIGIBILITY

SEC. 1634. (a) * * *

* * * * *

[(c) If any individual who has attained the age of 18 and is receiving benefits under this title on the basis of blindness or a disability which began before he or she attained the age of 22—

[(1) becomes entitled, on or after the effective date of this subsection, to child's insurance benefits which are payable under section 202(d) on the basis of such disability or to an increase in the amount of the child's insurance benefits which are so payable, and

[(2) ceases to be eligible for benefits under this title because of such child's insurance benefits or because of the increase in such child's insurance benefits,
such individual shall be treated for purposes of title XIX as receiving benefits under this title so long as he or she would be eligible for benefits under this title in the absence of such child's insurance benefits or such increase.]

* * * * *

TREATMENT SERVICES FOR INDIVIDUALS WITH A SUBSTANCE ABUSE
CONDITION

SEC. 1636. In the case of any individual whose benefits under this title are paid to a representative payee pursuant to section 1631(a)(2)(A)(ii)(II), the Commissioner of Social Security shall refer such individual to the appropriate State agency administering the State plan for substance abuse treatment services approved under subpart II of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x-21 et seq.).

* * * * *

**SECTION 201 OF THE SOCIAL SECURITY INDEPENDENCE
AND PROGRAM IMPROVEMENTS ACT OF 1994**

**SEC. 201. RESTRICTIONS ON PAYMENT OF BENEFITS BASED ON DIS-
ABILITY TO SUBSTANCE ABUSERS.**

(a) * * *

* * * * *

[(c) DEMONSTRATION PROJECTS.—

[(1) IN GENERAL.—The Secretary of Health and Human Services shall develop and carry out demonstration projects designed to explore innovative referral, monitoring, and treatment approaches with respect to—

[(A) individuals who are entitled to disability insurance benefits or child's, widow's, or widower's insurance benefits based on disability under title II of the Social Security Act, and

[(B) individuals who are eligible for supplemental security income benefits under title XVI of such Act based solely on disability,

in cases in which alcoholism or drug addiction is a contributing factor material to the Secretary's determination that individuals are under a disability. The Secretary may include in such demonstration projects individuals who are not described in either subparagraph (A) or subparagraph (B) if the inclusion of such individuals is necessary to determine the efficacy of various monitoring, referral, and treatment approaches for individuals described in subparagraph (A) or (B).

[(2) SCOPE.—The demonstration projects developed under paragraph (1) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative approaches under consideration while giving assurance that the results derived from the projects will obtain generally in the operation of the programs involved without committing such programs to the adoption of any particular system either locally or nationally.

[(3) FINAL REPORT.—The Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than December 31, 1997, a final report on the demonstration projects carried out under this subsection, together with any related data and materials which the Secretary may consider appropriate. The authority under this section shall terminate upon the transmittal of such final report.]